

Unions angry at 39,000 Civil Service jobs cut

A storm of protest from civil service unions greeted the Government's announcement that it was reducing manpower by 39,000 over the next three years. Lord Soames, Lord President of the Council, said this was the first instalment of the cutback.

The first instalment, minister says

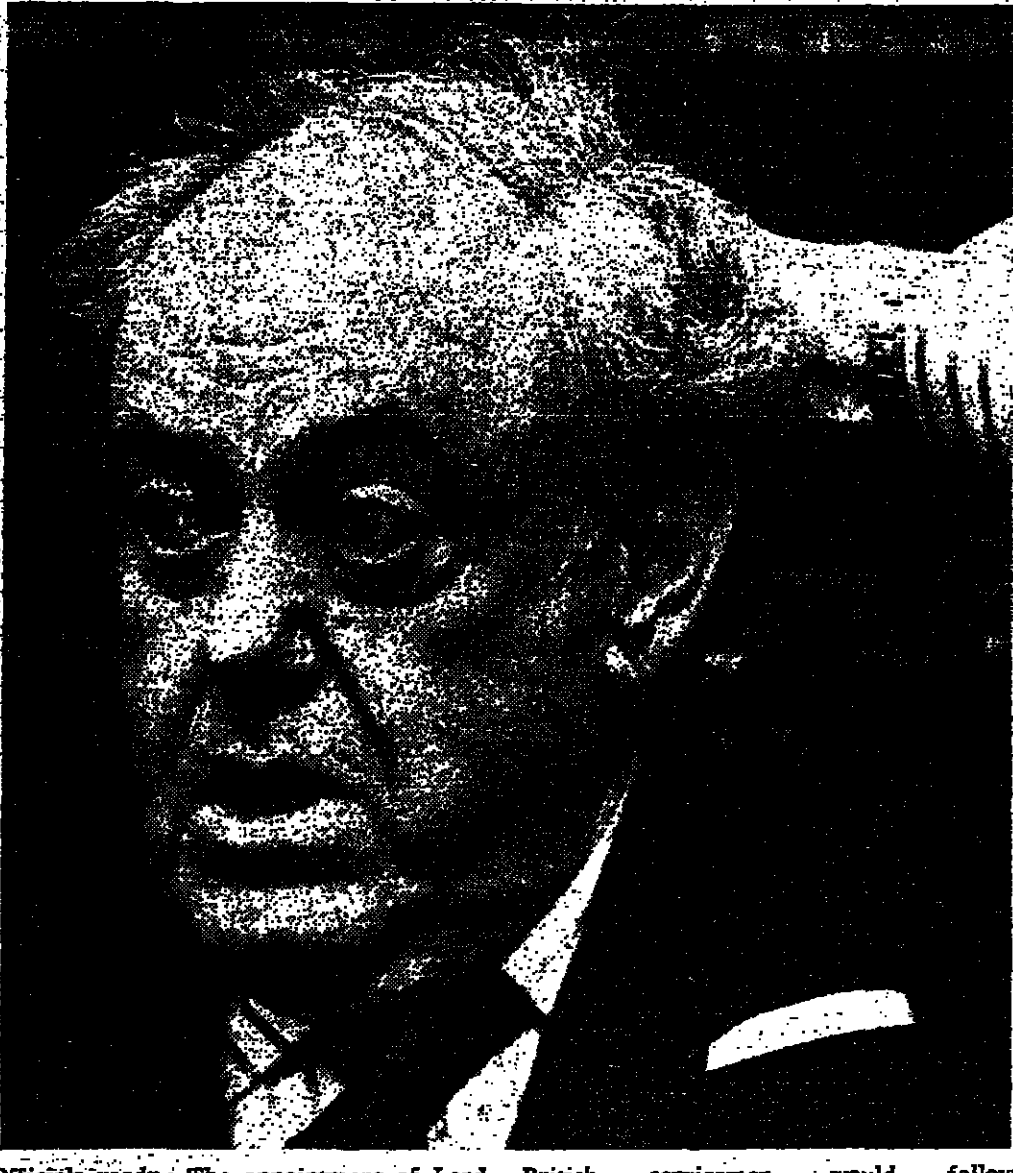
By Paul Routledge and David Fehon
The Government announced plans yesterday to cut Civil Service manpower by 39,000 over the next three years to achieve an annual saving of £212m in public spending. A storm of protest from the Civil Service unions greeted the disclosure that 39,000 jobs are to go.

Making the long-awaited announcement, Lord Soames, Lord President of the Council and Minister with Responsibility for the Civil Service, gave a warning that this was only the first instalment of employment cutbacks. Ministers are reviewing the activities of departments, including Health and Social Security, Defence, and Environment, to see what further savings can be made. An announcement will be made in six to eight months.

Lord Soames, who led the Civil Service unions last night for talks on the reductions, but he made clear before the meeting that the Government sees the unions' role as helping to achieve the savings, rather than fighting the Government's policy of reducing the size of the service.

"It is for Government to decide what should be the areas of government, and the extent to which Government should intervene in the economy," he said. "It is for Government to decide and not for the Civil Service." The Lord President made it clear that ministers will rely on the views of public opinion in getting their measures through. "I think public opinion is on the side of 'have you done enough'?" he argued.

Civil Service numbers would be cut from the present 720,000 to about 681,000 by 1983 (against 732,000 when the Conservatives took office). The Government says the figure would have been 748,000 by next April if Labour had remained in power. A cut of about 24 per cent has been achieved since the election by a stop on recruitment.



Officials ready. The appointment of Lord Soames (above) as Governor of Rhodesia is to be announced in Parliament as soon as arrangements can be finished, it was learned authoritatively last night (Fred Emery, Our Political Editor, writes).

The announcement could come today, but even if it has to be postponed until Monday the Government intends that Lord Soames should fly out to Salisbury early next week, together with Sir Antony Duff, now firmly expected to become Deputy Governor.

They would take with them what is described as a full plane load of senior British military police and civilian officials, including Major-General Sir John Acland, the commander designate of the Commonwealth ceasefire monitoring force. The troops of that force, including more than 700 British servicemen, would follow immediately.

The decision means that the British Government is now confident of achieving a full agreement, a so-called first class solution to the Zimbabwe Rhodesia conflict, even if the final details have not been signed by the time Lord Soames flies out.

Wrangles slow ceasefire talks

From David Spenser
Diplomatic Correspondent
Hopes that the detailed discussions on a Rhodesian ceasefire would be completed easily or quickly were immediately dashed yesterday. No sooner had the delegations on each side begun to discuss the details of the ceasefire than a wrangle began about the numbers of Patriotic Front forces in Zimbabwe Rhodesia and the arrangements for their assembly.

The Patriotic Front raised strong objections to the proposals by the British side for the assembly of their forces in 15 areas, as envisaged under Lord Carrington's plan, on the ground that a similar scheme was not being put forward for the Salisbury forces.

They declined to discuss the size of their forces at all at this stage.

Free nursery education may be compulsory

By Diana Geddes
Education Correspondent
Local authorities appear to have a statutory duty under the 1944 Education Act to provide free nursery education for children aged two to four, according to legal advisers in the Department of Education and Science.

Ministers are now carefully considering this opinion, particularly in the light of the Education Secretary's decision to close all nursery schools and nursery classes from next autumn. This interpretation could mean that authorities who do not meet the present demand in full for free nursery places may be in breach of the law.

Muslim militants in Tabriz take over from Khomeini men

Tabriz, Dec 6.—Opponents of Ayatollah Khomeini, Iran's revolutionary leader, today took over the radio and television station of East Azerbaijan province and said they would no longer accept the authority of Government officials appointed by Tehran.

The take-over was the most serious challenge to the Ayatollah since Iran adopted a new constitution earlier this week giving him almost unlimited powers. According to the leader of the Muslim People's Republican Party (MPRP) in this provincial capital, Haj Hossein Farji, Muslim militants occupied and broadcasted station after armed followers of the Ayatollah opened fire with automatic weapons to break up demonstrations here, wounding eight people.

The demonstrations were staged in protest at an incident yesterday in the holy city of Qom, in which rival demonstrators clashed near the home of Azerbaijan's spiritual leader, Ayatollah Kazem Shariat-Madari. Two men were killed in shooting near the residence.

Ayazollah Shariat-Madari, whom the MPRP considers its religious leader, comes from Azerbaijan and commands the support of the majority of its eight million people.

A broadcast tonight from the occupied radio station declared Ayatollah Shariat-Madari to be "the leader of all the world's Shia Muslims" and added that all Government officials serving in Azerbaijan must be appointed by him.

Union meets Shell for dispute talks

By Nicholas Hirst
Energy Correspondent
Negotiators of the Transport and General Workers' Union were meeting with Shell management last night to try to solve the dispute with its 2,500 tanker drivers as the union for petrol and heating oil supplies over the coming week, worsened sharply.

Esso's 2,000 drivers began an overtime ban and work to rule, which a company spokesman said, was cutting deliveries to customers by a third. With both Shell and Esso in dispute, about 40 per cent of the United Kingdom's petrol and heating oil supplies have become subject to industrial action.

But the Patriotic Front made it clear that such an approach is totally unacceptable. They insist that if their own forces are to move in this way, the Salisbury forces must do likewise, not necessarily to the same number of bases but at least in commensurate strength.

Mr Joshua Nkomo suggested that the British Government should "rethink" the process of implementing the ceasefire.

Sir Antony Duff, who took the chair at the working session, then suggested that they should adjourn until this morning.

At a lift plan, page 9

Non-smoker causes aircraft rebellion

From Michael Learyman
New York, Dec 6

A squabble between passengers about smoking became so heated that the captain of a shuttle flight from Washington to New York made an unscheduled landing yesterday.

When the smoke cleared, the leading passengers found they had reached Baltimore—just 39 miles from where their journey began.

There they had to wait for another airline to continue the journey. They arrived in New York three hours late, still arguing over who was to blame for what the captain described as "an insurrection."

The trouble began when Mr Richard Lent, a non-smoking Washington lawyer, climbed on board the crowded 8am shuttle and sat down near the middle of the aircraft, several rows forward of the section reserved for non-smokers. He asked the stewardess if the non-smoking area could be extended to embrace his seat.

Mr Gil Perloff, the spokesman for Eastern Airlines, explained today that the rules of the Civil Aeronautics Board are firm that any passenger who wishes to be accommodated in a non-smoking section has the right to insist on it. The airline can be fined heavily for not complying.

The original non-smoking section was full, and nobody in it was willing to swap places with Mr Lent. He turned down the offer of a seat on an aircraft leaving 10 minutes later.

The stewardess, therefore, had no choice but to comply with his request. This angered passengers in the seats nearby who, even so early in the morning, were looking forward to lighting up just as soon as the aircraft became airborne.

"They perceived that they were being prevented from doing so by one man," Mr Perloff said. "They got angry. They stood in the aisles and it developed into a shouting match."

When the aircraft took off the smokers defied the stewardess and began puffing. Some said that Mr Lent then became angry and demanded that they stop, but he denies making trouble.

"All I wanted was a non-smoking seat," he said. "Once I got that, I was out of it. The rest of what happened did not involve me."

The captain, Mr Larry Kinsey, sought to quell the disturbance by issuing an ultimatum, over the loudspeaker. "This insurrection has to stop or I'm going to land the aircraft," he said.

A few minutes later he made another announcement: "Well, the insurrection has not stopped, so I'm landing," and he did.

One passenger said: "It was silly and childish. I have not seen a display like this since kindergarten. We had to land the aircraft and sort out everyone's clothes and so on."

Nuclear leak

Uranium hexafluoride leaked from the British Nuclear Fuels plant at Capenhurst, near Chester, yesterday. About eight men who were on duty in the technical department had to leave the building for medical tests.

Last night ministers jocularly admitted that it was most unlikely the culprit would be discovered. It was asserted that no Cabinet minister was involved in the leak.

At a lift plan, page 9

Questions about expenses put to six athletes

From Ronald Fox
Edinburgh

Six Scottish athletes were summoned last night before an inquiry by the Scottish Athletic Union into allegations that they had received excessive expenses after competing in the Edinburgh Highland Games at Meadowbank test-year.

The athletes are Chris Black of Edinburgh, the hammer thrower who has competed in the Commonwealth and Olympic Games; Frank Clement of Linlithgow, who has run in the Commonwealth 1,500 metres; Neil Muir of Salsburgh, the 5,000 metres hope for the Moscow Olympics; John Robson of Kilmarnock, medalist in the 1,500 metres at the Commonwealth Games in Edinburgh; Alan Wells of Edinburgh, champion of the Commonwealth 200 metres; and Graham Williamson of Levens, winner of the world student games 1,500 metres.

If it were proved that any of the six received money from a sponsorship fund for the games, their amateur status could be compromised and they would risk being barred from competing in the Moscow Olympics.

Attack by judge on claim that trial is political

The judge in the jury vetting trial at the Central Criminal Court of four anarchists said that suggestions it was a political trial were mischievous and calculated to mislead the jury.

Judge Alan King-Elsmerton directed that it was not a political trial. He said the vetting of the jury, rather than involving the abandonment of the principle of random selection, had widened the random selection because it was not limited to the first 12.

Schmidt success

Chancellor Helmut Schmidt stands at the peak of his career, Patrick Clough writes from Berlin. His authority and prestige are at a maximum. His success with the Social Democrats is all the more remarkable because many in the party do not care personally for the leader who can be arrogant, gratuitously rude and needlessly sharp with his critics.

Students seek 36 pc

The National Union of Students is to demand a 36 per cent increase in the maintenance grant next year. The claim will be presented to the union's conference at Blackpool today.

Spanish train crash kills 17 passengers

Seventeen people were killed and 85 injured in a train collision near Barcelona. A crowded passenger train was hit by a runaway goods train which, it is reported, rolled away when its crew got off to check mechanical trouble.

Payphones on trial

The Post Office is putting electronic high-burden payphones on trial next Monday at airport and station sites. If the experiment succeeds, it hopes to replace its 360,000 public or rented payphones over the next five years.

Bill disappointment

Conservative MPs face disappointment at the Health Service Bill is presented to the Commons today. Their expectations were raised when the Prime Minister told a Labour member it was far better to reduce the number of administrators than to cut services to patients. The Tories had expected a surgical operation on NHS bureaucracy.

The Grange saved

The Grange, William Wilkin's neoclassical mansion at Northampton, Hampshire, has been saved. Mr Michael Heseltine, Secretary of State for the Environment, announced it will be preserved at a cost of £500,000.

South Korea elects President

Mr Choi Kyu Hak, who became acting head of state of South Korea after the assassination of President Park, has been elected President. Mr Choi, an experienced diplomat who was Prime Minister, was the only candidate. Opposition leaders who demand that the President should be elected by universal suffrage boycotted the election carried out by the National Council for Unification.

New Peking wall

The Chinese authorities are moving Peking's "democracy wall" to a less accessible place in the capital. Under new regulations anyone wishing to paste up a poster at the new site must give his name, address and place of work at a special office. The changes come after sharp official criticism of the wall.

Broadcasting future

Sir Harold Wilson tells MPs that the BBC should get returned to the age of satellites.

Paris: Gaullists look up to Mrs Thatcher

Israeli Army begins to count the strategic cost of peace as 300 lorries carry out evacuation.

Leader page, 15
Letters: On events in Iran, from Mr Peter Temple-Morris, MP, and Mr Bernard Wates; on hospital pickets, from Dr Jean Currie-Ratcliff and Lord Onslow; on replacing curative medicine, from Mr Donald Gould.
Leading articles: SPD: Indian election; Professional negligence.
Arts, page 11
David Gausson, reviewing Robert Bresson's *Pickpocket* at the ICA, considers the cinema as the time-machine of our century; John Percival finds the Royal Ballet's *Swan Lake* an unsatisfactory compromise of old and new.
Obituary, page 16
Dr R. F. Fortune, Mr Hiram Powell
Features, pages 10, 14
Gregory Trevorton on the missile test facing Nato; Pat Healy on persuading the EEC to keep helping its poor.
Sport, pages 12, 13
Cricket: Sir Donald Bradman heads inquiry committee on Ian Chappell's behaviour; England draw with South Australia; Football: League Cup semi-final draw; Gymnastics: Rare victory for Soviet Union over Spain; Racing: Tax concession on bloodstock.
Business News, pages 17-22
Stock markets: Disappointing figures from GEC and Racal sent shares down and the FT index fell 6.9 to 4117. Interest rate fears meant a miserable day for gilt-edged securities, features: Caroline Atkinson examines the damage done to the dollar by the United States Government's decision to freeze Iranian deposits.
Finance of 1979: GEC beyond the recession; no forecast from Racal.

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HOME NEWS

Health service Bill to reduce bureaucracy falls short of surgical operation, Tories feel

By George Clark
Political Correspondent

Conservatives who are expecting prompt action by the Government to reduce the bureaucracy of the National Health Service will be disappointed by the Health Service Bill to be presented to the Commons and published today.

Their expectations were raised yesterday by the Prime Minister who, in a letter to a leading Conservative MP, said that the Government was determined to reduce the number of administrators who impinge on public services, and that she hoped the Bill would support the Government in their legislative efforts to reduce the weight of administration in the health service.

Mrs Margaret Thatcher agreed that it was far better to reduce the number of administrators than to reduce the services to patients.

In fact, the Bill will deal only with the restoration of pay beds in NHS hospitals.

There could be minor provisions which foreshadow later legislation, but the real impact on health service spending will come in a Bill which cannot be introduced until the next parliamentary session.

That means that the people working in the area health authorities are saved for at least a year. It means also that the Conservatives are delaying action on their manifesto pledge to make better use of the resources available to the service, and cut back on bureaucracy.

They also promised, as explained by Dr Gerard Vaughan, Minister of State for Health and Social Security, at the party conference in October, that the health authorities would be empowered to raise money locally in collaboration with voluntary organizations.

But the main Bill is put off until the next session of Parliament, which may not begin until November or December next year.

Instead of proceeding with the abolition of the area health authorities, the Government will publish yet another consultation document next week setting out its proposals. In the context of the demand by Conservatives for a substantial and early cut in public spending, that will be seen as a partial return.

It is all the more galling to some Conservative MPs because they know that the Labour government was contemplating a similar surgical operation on the health service.

Mr James Callaghan and Labour MPs against introducing a Bill involving public expenditure in the House of Lords, the Government has decided to start the progress of the Local Government, Planning and Land Bill in the Commons.

BBC 'should get attuned to satellites'

By Hugh Noyes
Parliamentary Correspondent
Westminster

The BBC should start to look beyond the two-dimensional world and get itself attuned to the three-dimensional world of television, said the Commons yesterday during a debate on the increase in television licence fees.

Sir Harold, chairman of the Interim Action Committee of the British Film Authority, said that unless alternative sources of revenue were explored, the BBC and independent television would be suffering serious losses by the early 1980, when satellites operated by foreign countries would be transmitting programmes to Britain and providing strong competition for British broadcasting.

France and Luxembourg had already given notice that they would have satellites in orbit by the early 1980s, transmitting and advertising in three languages, including English. The BBC, commercial television and newspapers in Britain would be losing revenue as a result.

Sir Harold told the House that his committee had been shown maps indicating that the programmes from Continental satellites would be capable of being seen in this country within the next few years. Alternative means of revenue should be considered.

By means of cable television, paid for by coin boxes according to programmes required, there could be no further increases in licence fees, and they could even be reduced. Already more than two million households were wired for cable television.

The BBC, Sir Harold said, should have the exclusive right to provide programmes for cable television.

Earlier Mr William Whitelaw, the Home Secretary, said that if television licences for old age pensioners were abolished, as the Opposition was demanding, the cost of a colour licence would go up by half to £50.

Parliamentary report, page 6

Immigrants quota plan finally dropped

By Fred Emery
Political Editor

The virtual abandonment of an immigration register and quota system, as promised by the Government in its election manifesto, was confirmed by cabinet ministers last night.

This followed a non-committal response by Mr Margaret Thatcher at question time in the Commons.

The Prime Minister had been pressed by Mr Nicholas Budge (Conservative, Wolverhampton, South-East) to take the decision to restore the manifesto commitment, in view of the fact, he suggested, that the revised immigration rules would fail to curb new immigration.

Lord Underhill, former national agent of the Labour Party, last night called for the reopening of his 1977 report on Trotskyist infiltration into the party. The documents were never published and did not go before the party's full national executive.

His comments came after an allegation by Mr Neville Sandelson, Labour MP for Hillingdon, Hayes and Uxbridge, that there had been a party cover-up. Mr Sandelson is under attack in his own constituency by a militant faction.

Lord Underhill said he did not want to give the impression that the party was riddled with Trotskyists. "But we know that these people, with their own paid staff, are following a set line of action. I believe it ought to be stopped before it becomes rampant. It only needs two or three of these people to get on to a general management committee of a constituency party."

The document should be made available to all members of the national executive committee, and constituency parties should be made aware of the aims of the tendency and its policy of "entrism".

Parliamentary report, page 6

PO unveils its blue electronic payphone

By Annabel Ferriman

Thirty-one new electronic push-button telephones are going on trial on Monday at four Post Office and station sites in Britain.

The new "blue payphone", considered by the Post Office to be one of the most advanced coin telephones in the world, is being launched at a cost of about £100,000. Instructions and directional signs will be printed in blue.

The Post Office hopes to have a hundred on trial by March and if they are successful to replace its 360,000 public and rented payphones with them or a modified version over the next five years.

The telephone contains a microprocessor, which works out the cost of the call and returns unused coins at the end of the call. It registers the amount put in on an illuminated sign at the front.

As the call proceeds, the amount displayed diminishes as the credit runs down. A warning sign lights up 10 seconds before the credit runs out and there is an audible beep at the same time for the benefit of the blind.

It is also possible that the microprocessor acts as an electronic guard, being programmed to inform repair staff automatically if an important fault has occurred; their push-button telephones are easier to use; the money is easier to insert; and customers will be able to dial directly to 89 numbers.

It is a 50p slot as well as a 2p and 10p slot so it is possible to make an international call without using a large number of coins.

The Post Office says that the telephones are also easier to install because the built-in microprocessor eliminates the need for special call-charging equipment at the local exchanges, unlike the present payphones.

Although the machine will return coins at the end of a call, it will not give change. It can return only some of the coins the caller has inserted and cannot give a selection of coins.

Thus, if a caller puts in a 50p piece and makes only a 4p call, he will not be refunded 46p. Callers are advised to use as wide a range of coins as possible to facilitate refunds.

The Post Office says that no successful change-giving machines have been invented. Another new aspect of the telephone is that it allows the user to make more than one



Miss Kim Hall, a Post Office worker, demonstrating the new push-button "blue payphone".

call for his money. After his first call, if he is still in credit, he can push the "follow-on" button and telephone again.

The trial sites for the telephones are: Heathrow, Gatwick, Glasgow, Manchester and Cardiff airports; Victoria, Liverpool Street, Birmingham and Edinburgh stations; Dover, Dover and Trafalgar Square and St Paul's shopping precincts, London.

The telephones which are to be made by Agitelco Limited of Croydon, Surrey, are to have stainless steel cases.

who his successor might be before resigning.

His relations with Mr Haughey, whom his dismissed nine years ago over an unproven gun-running scandal, has been acrimonious and Mr Lynch would be extremely difficult to work with as party leader.

There is no doubt that Mr Haughey, Minister for Health, has more public appeal than his main rival, but his rambling style, and the memory of the arms scandal (of which a court found him not guilty), worries many people. However, he is seen by some as the party's only hope of matching Fitzgerald, the Fine Gael leader.

Mr Colley, despite some doubts about his performance as Finance Minister, is seen as a "safe" candidate, somebody who probably would not disrupt Anglo-Irish relations.

The election proves that there is no natural successor to Mr Lynch, who has been an enormous electoral asset. He is understood to favour Mr Colley and it is probable that he made his own judgment on

debate the choice of Prime Minister, after which a vote will confirm him in office. Soon afterwards he will announce his Cabinet.

The only prospect of any of the outside candidates getting in would be as a compromise between Mr Haughey and Mr Colley, who 13 years ago entered the leadership contest with Mr Lynch won.

Bookmakers were making Mr Haughey favourite last night. His appointment would be viewed with initial unease by Whitehall until it became clear whether he would pursue his robust republican views as leader of the party that has Irish unity as a central policy plank.

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Neoclassical mansion saved at cost of £1m

By John Young
Planning Reporter

The great neoclassical mansion at Northampton, Hampshire, is to be preserved at a cost of £1,000,000, Mr Michael Heseltine, Secretary of State for the Environment, announced yesterday.

In the light of the Government's campaign to reduce public expenditure, it is a brave and unexpected decision, and one that will delight conservationists.

The building, which was taken into government guardianship in 1975, has been allowed to decay for years, and the latest appeal for urgent action came in a letter to *The Times* on Tuesday from the President of the Royal Academy, the Society of Antiquaries and the Council for British Archaeology.

Mr Heseltine said that discussions with those interested in its future had persuaded him that it was a unique and irreplaceable piece of Britain's architectural heritage. The decision to save it was made in favour of saving it.

Asked about possible criticisms from those who did not take the same view of its importance, he replied that in his position he was constantly faced with a dilemma in determining priorities.

"But in a case like this you have to put yourself apart from the immediate constraints on public expenditure," he said. "We are not going to have a public expenditure crisis for ever, and it would be a tragedy if the George was lost just because we happen to have one at the moment."

Department officials have accepted that there is no hope of restoring the interior of the building, and the money will be spent on stabilizing the exterior, including the portico, the conservatory and the terraces, and on making the grounds safe and preserving them from the elements.

There were many souvenirs of the great man and his game but the largest, the snooker table, was consigned for sale by Sotheby's yesterday by his widow.

The contents of the billiard room of Joe Davis, the snooker champion, were consigned for sale by Sotheby's yesterday by his widow.

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INCURABLE? -Yes UNHAPPY? -No

The British Home and Hospital for incurables specializes in looking after men and women suffering from progressive paralytic diseases.

Sufferers from these diseases need very special care and attention.

Some are able to go out to work. These live in a special wing of the Home. Some are helpless, bedridden... these unhappy ones are in the hospital, nursed, amused, cared for.

The BHHH receives no State aid. We must, therefore, rely upon your generosity. It is a very worthy cause.

BHHH
The British Home & Hospital for Incurables
Crown Lane, Streatham, London SW16 3JG.

PATRON: HM QUEEN ELIZABETH, THE QUEEN MOTHER

Liquidation of remaining Bales
Quality High Value Air Cargo moved into Warehouse near London Airport-Airfreight for Rotterdam, Holland-Ordered
Stopped at London Airport by Shippers.

HIGH QUALITY HAND KNOTTED PERSIAN CARPETS & RUGS
FINE RUGS FROM AFGHANISTAN, PAKISTAN, TURKEY

Packed in Bales Marks AVBCO
PUBLIC AUCTION

of the contents of the above bales, selected for airfreight to be sold in Rotterdam to coincide with an important exhibition in Rotterdam, The Farnes Bazaar, Sept. 28 - Oct. 7. The Dutch importer had no available finance in the countries of origin and had contracted the carpets through U.K. Wholesalers. The airfreight was stopped at LND before all carpets will be sold. It has now been ordered for auction and all carpets will be sold. It has now been ordered for auction and all carpets will be sold. It has now been ordered for auction and all carpets will be sold.

ON SUNDAY DECEMBER 9th at 11.00 a.m. VIEW 9.30 a.m.

When bales will be opened carpets & rugs displayed
TERMS: CASH OR CERTIFIED CHEQUES
Douglas Jackson, Hammond & Co., Auctioneers.

Choice for Lynch successor narrows to two

From Christopher Thomas
Dublin

The Irish Republic was alive with speculation last night about the outcome of the battle to succeed Mr Jack Lynch as Prime Minister, but it looked increasingly as though it could come down to a choice between two main contenders.

Mr Charles Haughey, of the "deep green" republican faction, and Mr George Colley, who is politically similar to Mr Lynch, were anxiously toting up their support throughout the day.

Mr Desmond O'Malley, Minister for Industry and Commerce, last night told his chief whip that he would not be entering the contest. There were also doubts about the position of Mr Michael O'Kennedy, Minister for Foreign Affairs and also a possible compromise choice.

The crucial election meeting of 82 Fianna Fail deputies begins at 11 am in Leinster House today and until then it will not be certain how many contenders there are. The deputies will be given as much time as they want to argue about the merits and weaknesses of the candidates before being invited by Mr "Bilby" Kennelly, the party chairman, to cast a secret vote.

It will amount to a knockout contest, with the person collecting the fewest votes falling out until somebody emerges with more than half the eligible votes, a message of 42 per cent.

The new Taoiseach will immediately be announced and the constitutional process for his appointment next Tuesday will begin.

Mr Lynch will formally hand in his resignation as party leader to President Patrick Hillery on that day, and the Opposition parties in the Dail will have an opportunity to

Managers still hope for link with unions

By Our Labour Staff

The union establishment yesterday took a step towards reconciling the Engineers' and Managers' Association has a role in manufacturing industry when Confederation of Shipbuilding and Engineering leaders agreed to discuss with the association its request for affiliation.

Affiliation to the confederation would mean a significant advance for the association's general secretary, Mr John Lyons, and could pave the way for resolution of a bitter conflict between white collar unions.

The technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers and the Association of Scientific, Technical and Managerial Staffs, though they did not vote against a meeting with Mr Lyons, remain firmly opposed to the suggested affiliation.

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TGWU expected to boycott reorganization talks at BL

By Donald Macintyre
Labour Reporter

The Transport and General Workers' Union, the biggest in British Leyland, is expected to boycott talks arranged with the company in the wake of the overwhelming vote by employees in support of Sir Michael Edwards' reorganization plans.

That was made clear by a meeting of the executive of the Confederation of Shipbuilding and Engineering unions, which is due to meet BL on December 29 and recommend acceptance of the plans in the first place.

The TGWU told the confederation, dominated by the Amalgamated Union of Engineering Workers, that if the meeting was to discuss restructuring of the company and progress on manning reductions, its four representatives on the executive would not be attending.

Mr Tod Sullivan, TGWU national officer, said yesterday: "I should have thought that the only thing the company would want to talk to us

about would be the corporate plan, and on that basis we shall not be attending."

Mr Terence Duffy, the ATGW president and the president of the CSBE engineering committee, said: "The highest court in the land, the members, have decided: it is 'yes' to the Edwards plan. The TGWU has been invited to the meeting and I believe everyone should be there in view of the members' decision. We ask them to stick to the 20th."

New Robinson dispute: Talks at BL's reorganization committee. He is a member of the union team which sits with management members on the BL's reorganization committee. He is a member of the union team which sits with management members on the BL's reorganization committee.

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Managers still hope for link with unions

By Our Labour Staff

The union establishment yesterday took a step towards reconciling the Engineers' and Managers' Association has a role in manufacturing industry when Confederation of Shipbuilding and Engineering leaders agreed to discuss with the association its request for affiliation.

Affiliation to the confederation would mean a significant advance for the association's general secretary, Mr John Lyons, and could pave the way for resolution of a bitter conflict between white collar unions.

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HOME NEWS

Claim that anarchists' trial is political untrue, judge says

The judge in the trial of four anarchists at the central criminal court yesterday condemned suggestions that it was a political trial as "mischievous".

At the start of his summing up on the fifty-first day of the trial, in which three men and a woman deny conspiring to rob, Judge Alan King-Hamilton told the jury: "Some counsel in this case have described this as a political trial."

"If what is meant by a political trial is that someone is tried because of his political views, then so to describe this trial is utterly, completely untrue, mischievous, misleading and deliberately calculated to prejudice your views. I direct you that this is not a political trial."

The Crown's case is that the accused as anarchists had conspired to attack key targets and institutions in society. They are alleged to have been involved in a plot to rob supermarkets and other places, to buy weapons and bomb-making materials.

The judge said: "It is one of the principles of the British constitution that anyone may hold any political view he chooses, however extreme, subject only to the laws of libel, slander and sedition."

But if a person tried to persuade others to commit crime to bring about constitutional

change, he could be tried, though his beliefs would have no meaning in themselves.

An anarchist was someone who believed in anarchy, derived from the Greek word meaning "without a ruler". That connoted that if there was no ruler a state of lawlessness could result.

"That is the very opposite of politics, because politics is the art and science of governments."

On the verdict of the jury, the judge said: "One has heard criticism of jury vetting as amounting to the abandonment of the random selection of jurors. What nonsense! It widens the random selection instead of being limited to the first 12."

The accused are Vincent Stevenson, aged 25, Trevor Dawson, aged 21, both formerly of Gilmor House, Percival Street, east London and now of no fixed address; Iris Mills, aged 31, and Ronan Bennett, aged 23, both of Kensington Gardens Square, Bayswater. They all deny conspiracy to rob and variously plead not guilty to unlawful possession of arms, possession of an explosive substance in circumstances giving rise to a suspicion that it was an unlawful object, and handling stolen firearms knowing or believing them to be stolen.

The summing up continues today.

Revie resignation involved deceit, court is told

By Craig Seton
Deceit was involved in the whole episode surrounding Mr Don Revie's resignation as manager of the English team, the High Court was told yesterday. Mr Robert Johnson, QC, for the Football Association, told Mr Justice Canley: "He is a man who can depart from the proper course if it suits his book. He is not a witness on whom you can rely."

Mr Johnson was completing his closing speech in the second week of the hearing in which Mr Revie is challenging the association's 10-year ban on his return to league football.

He said the FA had found Mr Revie guilty of deceit in certain respects when he resigned in July, 1977, and became manager of the national team of the United Arab Emirates.

The whole episode, he said, involved deceit. He had abandoned his responsibilities to his team mates, he had worn dark glasses and used a false name when travelling to Dubai and he had

earned "a substantial sum" by telling a newspaper of his decision to quit.

Mr Johnson asked: "What sort of man is it who asks for two grand salary, plus or minus £5,000, to offer his resignation, when he has got a contract in his pocket?"

Mr Gilbert Gray, QC, in his closing speech for Mr Revie, said the former England manager had received a lot of criticism, but it would be unjust to paint him black. He had said that what he did was bad, and that if he was in that position again he would not repeat it. The ban was out of all proportion. There is no justification or reason for doing to Mr Revie what they did," he said.

Mr Revie had been criticized for asking for two years' salary when he resigned, but under his management profits to the association from England's international games had increased.

The judge said he would give judgment on Monday or later.



Mr George Hedges, a senior gardener at London Zoo, who is retiring this month after 30 years, bidding an early farewell to a bushy-tailed friend yesterday.

Editor says report was fair

An article in *The Daily Telegraph* alleged to have been libellous was defended in the High Court yesterday by the newspaper's editor, Mr William Deedes.

A former Derbyshire CID chief claims that the article libelled him by linking his move back into uniform with alleged criticism of the search for William Hughes, an escaped prisoner who killed four people before being shot dead.

Mr Deedes told Mr Justice O'Connor that he refused to print an apology because he could not see that the report, headlined "Massacre search CID chief goes back in uniform" bore the implications which Chief Supt Alfred Horobin, now divisional commander at Alfreton, laid against it.

Mr Deedes, who has also denied acting maliciously towards Mr Horobin, said both report and headline were balanced, and after studying reports in other newspapers he had concluded that the *Telegraph* had "properly given the most comprehensive account".

Mr Horobin sued *The Daily Telegraph* Ltd, Mr Deedes, and Mr Stanley Goldsmith, a reporter, claiming damages.

Mr Alfred Mitchell, an assistant chief constable for Derbyshire, giving evidence on subpoena, said that there had been an internal inquiry. He was satisfied that any criticism against police officers in the base was "not well founded". Mr Horobin was "an extremely good detective".

Judgment will be given today.

Social trends: report shows doubling of real disposable incomes

The 10 million who are haunted by poverty

By Pat Healy
Social Services Correspondent
More than 10 million people were living in poverty on its margins last year, despite the doubling of real disposable incomes since 1951. The poor made up 23 per cent of all families in the United Kingdom and a fifth of the total population.

Those figures were disclosed yesterday in the new edition of *Social Trends*, published by the Stationery Office. Although income tax and national insurance contributions have taken a rising proportion of people's earnings, real disposable incomes more than doubled between 1951 and 1978.

But by the end of the period 1,260,000 families were living on incomes below the subsistence level set by supplementary benefits. Another 710,000 were receiving supplementary bene-

fit and 2,010,000 had incomes above that level but within 20 per cent of it. Together, those families consisted of 10,070,000 people, 4,600,000 of them over pension age.

The report pointed out that social security benefits have contributed a growing share of incomes over the past 30 years, rising from 3.4 per cent in 1951 to 7.4 per cent in 1978.

That was partly caused by rising numbers of pensioners and growing unemployment but other benefit changes had their impact, too. By 1978-79, the cost of child benefits had risen to £1,306m, almost as much as the £1,380m paid in supplementary benefits to all claimants under pension age.

Two charts in the report demonstrated graphically the impact on low-income families of the "poverty trap" under which families lose means-

tested benefits like family income supplement and free school meals.

One chart showed that, in theory, a married couple with two children aged four and six could end up nearly 50p a week worse off for an extra £1 of earnings.

The report pointed out that in practice that was unlikely to happen, since not all benefits were cut off immediately. But 360,000 families stood to gain less than 50p a week from an increase of £1 in gross wages.

However, the redistributive effects of taxes and benefits reduced the gap between the poorest and richest households quite markedly. Top incomes before taxes and benefits were more than 500 times as great as the lowest in 1977, but afterwards the proportion was reduced to five to one.

That still meant that people

with average incomes of £11,080 a year were left with net incomes of £7,890, while the poorest tenth had their incomes brought up to £1,710 a year.

Social Trends stated that it could not produce a complete picture of incomes, because there was little data on the "hidden economy", or on wealth.

The proportion of wealth owned by the most wealthy 1 per cent of the population dropped from 33 per cent in 1966 to 24 per cent by 1977, and the share enjoyed by the bottom half of the population increased from 3.5 per cent to 5 per cent over the same period.

However, the wealthiest tenth still owned 61.1 per cent by 1977, a drop of 7.6 per cent during a period when total wealth measured rose by more than 300 per cent.

Trolleybuses may return with fewer overheads

By Michael Bailey
Transport Correspondent

London's popular trolleybuses, phased out in 1962, may be back within 10-15 years, according to a study by the Greater London Council.

The main attraction is not so much that they are clean, quiet and comfortable, but that they can use a variety of energy sources at a time when oil is likely to be getting prohibitively expensive.

A big technical advance since the old trolleybuses, which required a costly and unsightly network of overhead power wires, is that being combined battery and trolley (Combat) propelled, they would need overhead wires for only a third of the network, and not at complicated junctions like Piccadilly Circus.

In the late 1930s London had the world's biggest trolleybus fleet, with about 1,700 vehicles operating about a fifth of the total bus routes.

Urging a full assessment of the scope for replacing diesel by Combat buses in the 1990s, the study forecasts decreasing availability of oil for the rest of this century, sharply higher real prices in the next decade, and some form of rationing thereafter.

Although car commuters are comparatively much bigger users than London Transport, which spends only £30m, or 7 per cent of its budget, on fuel, the effect of higher prices on movement patterns will not be great, the study suggests: a 50 per cent rise in real petrol prices, on past experience, affects peak-hour car traffic by only 2.3 per cent. 24-hour weekday flows by 5 per cent, and weekend flows by 10 per cent.

Cuts affecting old and handicapped 'unacceptable in a just society'

By Our Social Services Correspondent

The Government is asking for social service cuts that will diminish the prospects of the elderly and the handicapped, children and families to an extent "that should be unacceptable in a just society".

That message has been sent to ministers by the Personal Social Services Council, a quango being abolished by the Government. The council has delayed giving judgment on the effect of the cuts until sure of its facts from monitor-

ing local authority reaction to the savings demanded. That point had been reached, the council said yesterday.

"Cuts of the order envisaged by the Government cannot be achieved, in the council's view, without a serious deterioration in the quality and range of social services", a council statement said.

Both statutory and voluntary sectors now face a mismatch of resources and responsibilities that neither greater cost effectiveness in service provision nor attempts to in-

crease community participation, desirable as both are, can hope to reconcile."

The council pointed out that the social services provide for the vital needs of the most vulnerable people, the elderly, physically and mentally handicapped, mentally ill and children at risk. Yet no explanation had been given why those services were being asked for disproportionate cuts, when other services, such as law and order and health, were being protected.

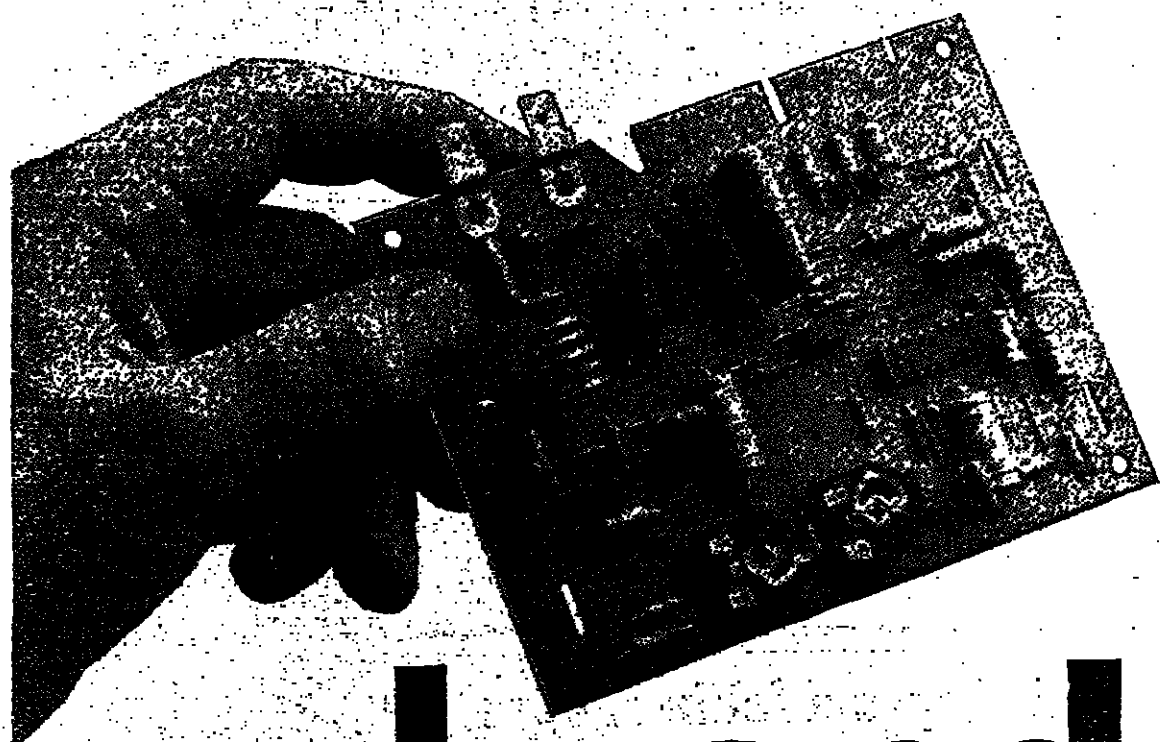
If the Government did not in-

tend its expenditure White Paper and rate support grant assumptions to be taken as guidelines for local spending decisions, it should say so. But if ministers were content that local authorities should respond in that way, that should be made public.

Social services were already inadequate, in some respects grossly so, and facing greater pressures from the rapidly increasing numbers of very elderly people. If expenditure was maintained at present levels, standards would decline.

But social services were facing cuts of 9 to 10 per cent in real terms.

"There is no way in which this can be achieved without cutting deep into the fabric of services", the council said. "In the current year authorities are making real cuts in provision, not merely abandoning planned growth. Unless a decision is taken to protect the social services, the cuts required next year are bound to be far greater and far more damaging."



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This slim panel of Mullard components makes some of the latest washing machines tick.

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And you get a much better wash. With far greater, electronic control over the acceleration and speed of the drum, your clothes tumble freely for better soap penetration, and form a single

evenly-distributed layer for much more effective spinning.

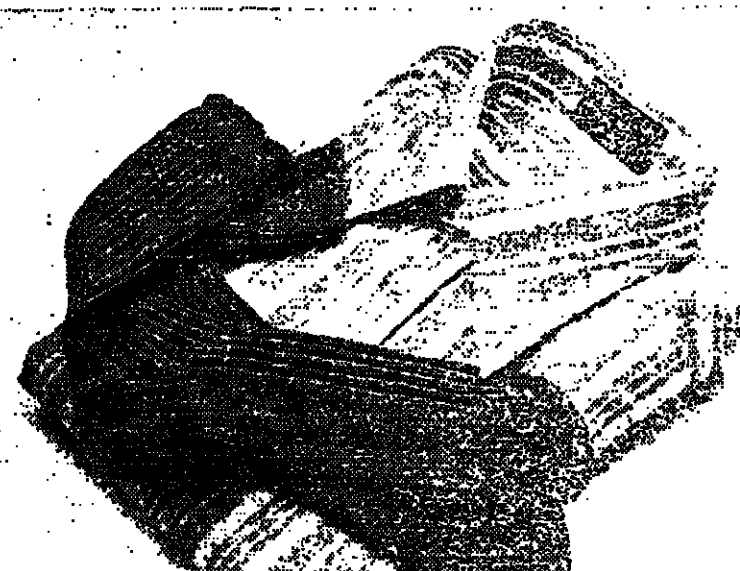
But this is not all. The latest temperature sensors are Mullard components as well, with programming and electronic timing systems soon to come - and there are other, energy-saving applications on the cards.

Tumble driers which heat your clothes not the air and switch off as soon as they're dry, for example.

Mullard are the largest producers of electronic components in this country and, right across the board, industry comes to us for some of the most advanced components technology available in the world today.

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And that's a combined effort to keep things turning smoothly.



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A vital component in industry.



HOME NEWS

Emergency ambulance service 'industrial relations battlefield'

From Ronald Kershaw
Sheffield

Investigations looking into emergency cover provided by South Yorkshire metropolitan emergency ambulance service found that the service had been "an industrial relations battlefield" over recent years.

They reported "deep feelings of frustration, mistrust and insecurity" throughout the service and called for an end to restrictive practices which prevented the service from working at maximum efficiency.

The report was commissioned by the Trent Regional Health Authority after public anxiety had been aroused by statements to the local press about the efficiency of the service after three men were disciplined.

The authority said last night that two assistant controllers had been dismissed on the ground of misconduct in that they failed to fulfil their duties and deploy ambulances properly. The two men were to appeal.

The third man had received a written warning for issuing misleading statements to the press that there were insufficient ambulances to cover the Sheffield area. The authority will decide on Monday what action to take on the report's recommendations.

The investigators, Mr Donald Carter, chief metropolitan ambulance officer for Greater Manchester, and Mr J. M. Clegg, Trent regional ambulance officer, reported "deep-seated suspicion" among all ranks.

That, they said, illustrated "the low morale and lack of confidence in senior management and the Trent regional health authority to resolve a number of long-standing issues".

The South Yorkshire ambulance service had been "an industrial relations battlefield almost continually since NHS reorganization in 1974". There had been efforts to resolve difficulties, but they represented

Warning by coroner on pothole explosions

From John Charteris
Skipton

Potholes and cavers were warned by a coroner yesterday of the dangers involved in using explosives underground.

Mr Miles Coverdale, coroner for the Claro district of North Yorkshire, recorded verdicts of accidental death on two men who, it was stated, were probably overcome by carbon monoxide fumes after letting off 30lb of explosive in the Cote Gill Pot, in the Yorkshire Dales. They were trying to break through to other passages and caves.

Evidence was given that the two men, Police Constable Richard Marvel, aged 25, of Ilkley, and Mr John Sranforth, aged 30, a design engineer, of Guiseley, had some knowledge of explosives. PC Marvel, a married man with two children, had taken a course at Doncaster Technical College and held a certificate to use explosives.

The coroner said the type of explosive the men used was recognized as being unsuitable for use underground because of the amount of carbon monoxide created.

Mr Michael Foster, who farms land near the pothole entrance, said he had refused permission to PC Marvel to use explosives underground on two occasions. Farmers were afraid of pollution, diversion of water supplies.

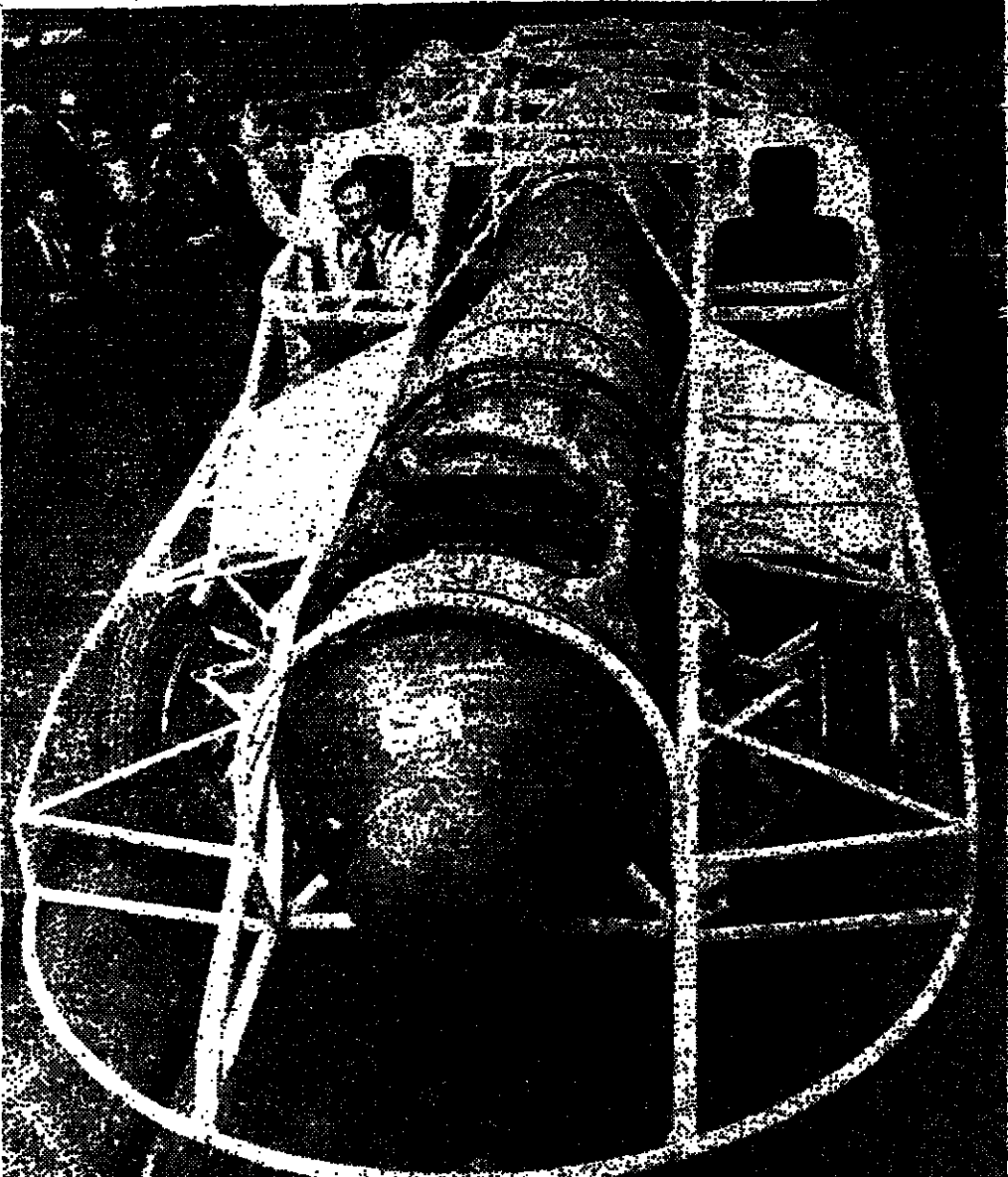
The coroner said that the most probable explanation for the deaths of the two men was that they detonated the explosion from the surface and went down into the pothole three hours later, not appreciating the danger from the carbon monoxide, which they could not smell.

They made another mistake in not arranging for someone else to stay on the surface when they reentered the pothole.

He praised members of the Upper Wharfedale rescue team and the White Rose Potholing Club who found the bodies. Particularly Mrs Yvonne Wilson, wife of Mr Barrie Wilson, secretary of the White Rose club, who went into the pothole without breathing apparatus with her husband.

Up to 40 rescuers were involved in a three-day operation to recover the bodies.

The coroner said that it is provided a challenge, but if those taking part did not observe rules and safety procedures they could endanger not only themselves but other people as well.



Mr Richard Noble seated in the partially completed jet-engine car.

Challenger for speed title unveiled

By Peter Waymark
Motoring Correspondent

The Thrust 2 jet-engine car, which is to attempt the first British challenge for the world land speed record since 1964, made its public debut in London yesterday. Preliminary tests indicate that the car is capable of reaching 680 mph.

Powered by a Rolls-Royce Avon turbo engine, with a tubular steel frame, Thrust 2 is 60 per cent completed and should be ready for its first

run next summer. After trials in Britain it will be taken abroad for the record attempt, probably early in 1981.

Mr Richard Noble, the driver and project leader, said yesterday that Thrust 2 was the most powerful car ever built in Britain, with six times the horsepower of Donald Campbell's Bluebird, which last held the world land speed record of 2,000 mph in 1964.

The current world record of 622.407 mph was set by Gary Gebelich, the American driver, at Bonneville Salt Flats, Utah, in a rocket-engine car, Thrust 1, nine years ago.

More than 30 British companies have lent their support to Project Thrust, which started

in 1974 with a jet-powered car built by Mr Noble in the garage of his house at Twickenham. After successful demonstrations the car crashed at high speed at RAF Fairford, Gloucestershire, in March 1977, and Mr Noble sold it to a scrap yard for £175.

But he immediately announced plans for a Thrust 2 and after exhibiting at the London Motor Fair in 1977, managed to raise £6,000 towards its cost. Originally a demonstration car only, Thrust 2 showed up so well in wind tunnel tests that the world record was considered to be within its reach.

Just over 27 feet long, the car can accelerate to 600 mph from a standing start in 23 seconds, according to provisional estimates.

Students seek 36% rise in maintenance grant

By Diana Geddes
Education Correspondent

Students are to ask the Government for a 36 per cent rise in their maintenance grant next year. That would bring the weekly "term-time" rate for a student living away from home outside London to £54, and for a student in London to £60.000. Students would be affected.

The claim, drawn up by the national executive of the National Union of Students, will be presented to the union's annual conference, which opens in Blackpool today.

It is expected that if approved, it will be submitted to the Department of Education and Science for the Government's annual review of student awards. The department wrote in August, asking for the students' views on rates and the structure of the award system.

If the students get what they are asking for, the rates will go up from £1,485 to £2,020 for a student living away from home in London; from £1,245 to £1,694 for a student living away from home outside London; and from £885 to £1,240 for a student living at home.

The claim would cost an extra £100m a year. In addition, students are asking for the abolition of the parental contribution, and the extension of maintenance awards to all students over the age of 16 in full or part-time education, both changes to be phased over three years.

The total cost of the package would be about £300m, the NUS estimates. That was an investment for the future that the country must make, it said. In the vital task of economic recovery, Britain could not afford to waste the opportunity to enhance the skills and training of all its people.

The 36 per cent claim is based on a 20 per cent allowance to cover the effects of inflation; 45 per cent to make up for the effect of the Budget switch in June from direct to indirect taxation (students did not benefit because they pay no tax on grants); and a further 11.5 per cent to make up for the loss in last year's claim, the NUS says.

Head teachers do manage schools, union retorts

By Our Education Correspondent

Local education authorities have tried improperly to belittle the role of head teachers, the National Association of Head Teachers says today in a comment on the local authorities' submission to the Clegg commission on pay comparability.

The union, which represents two-thirds of head teachers in England and Wales, cites four main points in the employers' evidence, with which it disagrees. It was nonsense, it said, to imply that heads did not manage their schools. The law made heads responsible for internal organisation, management and discipline. To suggest that the head's responsibility to the school governors was no more than a general framework of accountability and did not include intervention in day-to-day affairs.

To suggest that a head did not play the central part in the appointment of staff or that his control over financial matters was limited to "running expenses" as though that amounted to "nothing more than stamp money."

But perhaps the biggest nonsense of all, the union says, was the implication that heads were heavily dependent on the local authorities. Heads are professional and advisory staff in arriving at decisions concerning the future well-being of the pupils in their care.

Only recently local authorities were paying tribute to the professional heads who had coped with the difficulties arising from disruption of schools by industrial action. But now they were seeking to downgrade heads for who could only be a marginal effect on the final salary award.

Mr Clifford Hayes, senior assistant secretary of the union, said: "When suits like the local authorities heads are responsible for everything that goes on in their schools. But when it comes to salaries they are just another group of hired hands."

The union was confident that Professor Clegg would not be misled by this "duplicitous" but it was bound to have an adverse effect on relations between local authorities and head teachers, he said.

BMA defers 'ban' on 3-day sickness benefit forms

By John Roper
Health Services Correspondent

The British Medical Association has withdrawn temporarily a decision to stop issuing short-term (three-day) sickness benefit certificates from next January. Guidance was given in a letter to general practitioners in the light of a meeting with Mr Patrick Jenkin, Secretary of State for Social Services, next Thursday.

It is thought that new information will be given at the meeting, and that will have to be discussed with the General Medical Services Committee on December 20. Any new attitude on the issue would be implemented by communicating in the Christmas postal crush.

Certification of sickness benefits has been seen by the BMA as one of the most time-wasting tasks of doctors for more than 15 years. In a year general practitioners sign about 500,000 short-term certificates. Various working parties have studied the issues without satisfactory outcome.

Industrial companies and the Department of Health and Social Security are against a system of certification of illness. Many meetings between doctors' leaders and department officials have failed to produce firm proposals; but the BMA is under pressure to get a solution.

Family doctors issue between four and eleven sickness absence certificates a day.

Town clerk sent to prison for arson at office

A town clerk who set fire to his council's offices while under pressure and working late on budget estimates was sentenced to 12 months' imprisonment after being found guilty of arson by a jury at Shrewsbury Crown Court yesterday.

Alan Knill, aged 45, Town Clerk of Bridgnorth, Salop, had denied causing damage estimated at £13,000 to the offices, or being reckless as to whether they would be damaged.

Mr Knill, of Hillside Avenue, Bridgnorth, was alleged to have told police: "Nothing seemed to matter any more, I just wanted to get rid of the lot. Things got on top of me that night."

In evidence, Mr Knill said the police had fabricated the confession. The fire was a terrible accident which could have been caused by his leaving the office with a candle still burning.

Judge Garrard said a suspended sentence was tempting, but that would be wrong.

Danger to children from alcoholic parents

Unless the rise in alcohol abuse is halted the number of children under 14 who suffer physical or emotional bruising at the hands of parents who drink will "increase dramatically", the National Council on Alcoholism warned yesterday.

The council's director, Mr Derek Rutherford, said half a million children were already affected.

Mr Rutherford said that although there was concern about increased drinking among children and young people, little attention was paid to the traumatic effects on children of adult drinking.

There could be long-lasting effects on a child's development physically, mentally and socially, he said.

Studies of children with alcoholic parents, Mr Rutherford said, showed they were more prone to suffer from emotional disturbances. School had more difficulty making friends, had more involvement with the police, took part in more delinquent activities, and tended to develop drinking problems of their own.

Family seek inquiry into prisoner's death

From Our Correspondent

The family of Mr George Wilkinson, aged 33, who died late on Wednesday night in Liverpool prison, yesterday demanded an inquiry into his death.

They have asked Mr Mark Hughes, Labour MP for Durham, to investigate what they say are glaring discrepancies in the information the family received from the prison.

Mr Hughes said last night that he had asked the Home Office for a report.

Mr Fred Wilkinson, the dead man's brother, said: "The statement that George died after being on hunger strike for two weeks is nonsense. He was strong and healthy, 6ft 2in and 16 stones, and would never have succumbed so quickly."

"Police who relayed a message from the prison said he died from a heart attack, but he never had any heart trouble."

Mr Wilkinson and his mother, Mrs Lena Wilkinson, were the last members of the family to see him when he visited him at Durham Prison two months ago. After that he was moved to Manchester, and then a few days ago to Liverpool.

Mr Wilkinson said: "We could tell there was something wrong. He looked as though he had been through a lot. I don't know why he was moved so rapidly from prison to prison."

Mrs Wilkinson said her son was in solitary confinement and was "getting him down". When Mrs Wilkinson had not

Boy aged nine enthroned as parish 'bishop'

From Our Correspondent
Bucknell, Salop

A medieval custom was revived in the Salop village of Bucknell yesterday when a boy aged nine was enthroned officially as "bishop" of the parish.

The vicar of St Mary's, the Rev Brian Gill, called the children from the village school to the altar to be blessed by the boy bishop, Steven Beaumont, 9, who said he had revived the custom to commemorate St Nicholas's Day, which in medieval times marked the beginning of Christmas.

"St Nicholas was a bishop in the fourth century and travelled round bearing gifts for children," he said. "The boy bishop symbolises St Nicholas and in the old church calendar he used to officiate between St Nicholas's Day and Innocence Day, three days after Christmas."

Rising and falling hopes for centre of Edinburgh

From Ronald Faux
Edinburgh

As one celebrated hole in Edinburgh's ground is about to be filled, another is likely to remain empty.

The district council's policy and resources committee yesterday approved a 65m scheme to build a group of small "speciality" shops on the site of Waverley market, ending eight years of unsightly dereliction and filling a deep hole on the edge of Princes Street. The scheme will also return a part of the city centre to small traders.

But after the meeting Mr Cornelius Wagh, leader of the Conservative group, confirmed that it was very doubtful that the £15m Hilton Hotel planned for the Castle Terrace site, behind the Usher Hall, would be built.

The companies promoting the scheme, C. Rudens Developments and Hilton International, have until December 18 to deliver financial guarantees, but Mr Wagh said that it appeared they would not be provided.

Meanwhile, in Lorimer Road, on the opposite side of the Usher Hall, lies a deserted five-acre railway goods yard, which is perhaps the most important development site in Edinburgh.

Against strong opposition from the minority Labour group, the policy and resources committee yesterday agreed that the council should carry out a study to develop the site as a headquarters for the Distillers Company, with a conference centre linked to an extension of the Caledonian Hotel. The original scheme was for a larger, £18m, conference centre.

Manx inflation reaches 18.6 pc

The Isle of Man's inflation rate has risen to 18.6 per cent, mainly because of increases in the cost of fuel and lighting of 23 per cent in the past 12 months.

Latest figures from the Manx Treasury are likely to lead to union demands for cost-of-living bonuses for Isle of Man members.

Miss Dors sued

Diana Dors, the actress, has been sued by the Inland Revenue, which claims she owes £12,000 in income tax, surtax and interest under an assessment for the tax year 1972-73.

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Home-made shows lead the Christmas fare on ITV

By Our Arts Reporter

Home-made programmes have prominence in the Christmas output of independent television.

Details were given at a London press conference yesterday. When Mr Michael Grade, director of programmes, London Weekend Television, was asked about a "jack-in-the-box" list of films for the holiday, he said: "The accent is very much on stuff we have made ourselves and not on acquired material."

Two of those productions are the ballet, *Giselle*, with Lynn Seymour and Rudolf Nureyev, and Ivor Novello's *The Dancing Years*, both from ATV. There will also be a performance of Donizetti's opera, *Don Pasquale*, recorded at the Cardiff studios of ITV Wales.

Other main attractions over the holiday period include: Christmas Eve: films, *Ben*

£88,226 damages for chemist

A chemist who suffered severe brain damage in a road accident was transformed from an energetic, enthusiastic and successful businessman with a zest for life into a mental and physical invalid, a judge said yesterday.

In the Court of session in Edinburgh, Lord Kincaid awarded Mr William Gordon, aged 65, of Park Avenue, Portobello, Edinburgh, £88,226 damages.

Mr Gordon had sued Mr Malcolm Muir of Mountcastle Drive South, Edinburgh, for £125,000. Their cars collided head-on on the Garmouth-on-Spey to Nairn road in July 1975. Mr Muir, who was later fined 540 for careless driving, had admitted liability for the accident.

The judge said that Mr Gordon's injuries had caused defective vision, instability and general intellectual and emotional impairment.

Protests over proposed ban on caravans in gardens

By David Nicholson-Lord

Local authorities have been criticized recently for persisting with proposals to ban the parking of caravans and boats in gardens despite indications that they will almost certainly be rejected by Parliament.

The latest authorities to consider such powers were Derbyshire and Humberside county councils on behalf of the district councils in their areas.

Both attempts have now been abandoned but opponents fear they may face considerable costs in fighting similar plans by other authorities.

The powers have been sought in private Bills to renew and expand by-laws which are due to be repealed under the terms of the 1972 Local Government Act. National legislation at present contains no provision for councils to restrict such parking, which some district planners feel is an eyesore, especially in open-plan estates.

Attention was centred on the issue during the second reading in the Lords in February of the Greater Manchester Bill, deposited in Parliament in November 1978. Peers strongly criticized the council for imposing a clause proposing restrictions similar to those already contained in four metropolitan county Bills deposited the previous year. These four Bills, it was pointed out, themselves largely repeated proposals rejected in earlier Bills.

Although further attempts were thought unlikely, and Greater Manchester's scheme was quietly withdrawn, the clause from the Greater Manchester Bill was included in two of the county Bills, those promoted by Derbyshire and Humberside, which had proposed similar restrictions in draft form. These were dropped only a month before being debated.

The clause in the Derbyshire Bill, which aimed at designating "caravan areas" where owners would have had to obtain planning permission to park a caravan in their gardens, is understood to have been included against the advice of parliamentary agents and abandoned only in the face of local protest.

Passion against the Bills has included the Royal Yachting Association and the Caravan Club, which estimates its costs in fighting one of the actions at £5,000.

The club, whose members account for about half the esti-

mated 400,000 touring caravanners in Britain, called for a national policy decision to replace the present piecemeal approach. Some 200 local councils have yet to bring forward Bills.

"Obviously we are worried at the prospect of further restrictions being proposed in these Bills, but unless there is a national policy all we can do is react applicably individually," it said.

"Most people with caravans tuck them away in their back gardens in any case and there are simply not enough facilities or land for people to store them anywhere else. We would have thought local authorities could be saving manpower, time and money by directing their energies to more important social issues."

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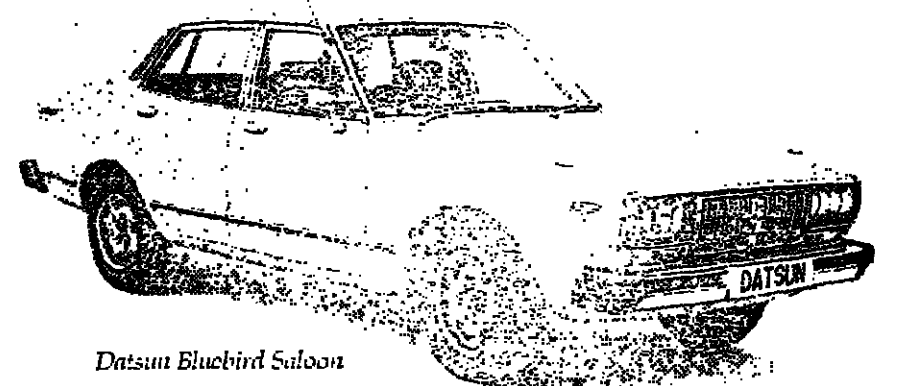
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PARLIAMENT, December 6, 1979

Civil Service to lose 40,000 jobs: £212m saving annually: minister gives assurance on essential tasks

House of Lords

The Government intends to reduce the size of the Civil Service by an annual saving of about £212m by 1982-83, Lord Seames, Lord President of the Council, said in a statement. It intended to cut the number of staff by 40,000 this year which is in addition to the 20,000 staff reductions already carried out this year.

He said that the Government had undertaken a review of the size and cost of the Civil Service for three main reasons. First, we believe that it is in the national interest to reduce the size of the Civil Service. Secondly, at a time when public expenditure as a whole has to be restrained, it is right that there should be a contribution from central government administration. Thirdly, it is essential to examine any large organisation, public or private, from time to time and prune those activities which may have been undertaken for good reasons but which are now less necessary.

This is a report on the progress we have made so far. All ministers have conducted an initial examination of the activities of their departments to identify the savings which can be made, whether by the abolition or curtailment of functions.

As a result, we will be making savings right across the Civil Service. The scope for this varies between departments. At one end of the scale, the Department of Transport has identified savings amounting to some 18 per cent. In other departments the scope is smaller, but even in the fields of law and order and defence, to which as the House knows the Government attaches a particularly high priority, some valuable savings will be made.

This review will lead to annual savings in Civil Service staff costs of about £212m in 1982-83. The net effect on public expenditure will however be less than this because some of the savings will come from putting work, which will have to be paid for, out to the private sector.

In terms of staff numbers, the savings total some 40,000. This is in addition to the steps we have already taken to reduce expenditure on Civil Service manpower this year, saving some 20,000 posts—50,000 in all. The Government's aim will be as far as practicable to secure the reductions by natural wastage.

These are the savings which it has been possible to identify reasonably quickly by examining a series of options across the Civil Service as a whole. The next stage will include a number of policy studies in some departments such as the Department of Health and Social Security, and reviews of activities already set in motion, particularly in the Ministry of Defence and the Department of the Environment.

The search for greater economy and efficiency will of course go on throughout the life-time of this Parliament. All ministers will continue to keep the work of their departments under close scrutiny. The House will be kept informed of progress from time to time. Sir Derek Rayner will assist in efficiency projects to improve productivity and value for money.

I will not try to predict the future size of the Civil Service, but we have reversed the major expansion which took place under the last Government. Our predecessors planned for a Civil Service of 448,000 by April next year. The numbers now stand at 312,000. As a result of our scrutiny, though there may be short-term fluctuations, the general trend from now on will continue downwards.

well voluntarily affected substantial manpower and money savings. Would the minister temper the wind of his cuts to this already shorn lamb?

Lord Seames—The staff of the Foreign and Commonwealth Office have not been cut substantially in this operation. Hardly one departmental minister did not consider that his department was not already a shorn lamb. (Renewed laughter.)

Lord Channon, Minister of State, Civil Service, repeated the statement in the Commons.

Mr. Ian Wigglesworth, Opposition spokesman on the Civil Service, (Tuesdays, Thursday, Lab.)—Our opposition to these cuts arises from three major factors. They will lead inevitably to higher unemployment in certain areas that can ill afford to be hit.

Some of the so-called cuts are bogus and unnecessary, or damaging in some cases to the level of services to the community. They may in certain instances lead to higher cost on the public purse because the services are being farmed out to private enterprise.

Will there be any redundancies as a result of the proposals. Will any legislation be necessary to implement them. Will there be further cuts in services as a result of the work of Sir Derek Rayner in his marauding of government departments?

In the proposed cuts there are certain examples of contracting to private enterprise, in taking care of government property, in transport policy, testing of goods vehicles, which will not lead to any savings in public expenditure because the overheads and profit margins have to be taken into account by the Government when paying for the services.

We find this a totally unacceptable method of achieving cuts in the number of civil servants or the level of expenditure on home affairs. The electorate have been offered a shining apple only to find when they have taken it into it that it has a rotten core. That their services will be less and they will pay more for them.

Mr. Channon—I am not surprised he finds it unacceptable. The Labour Government since the war has expanded the size of the Civil Service and every Conservative Government has reduced it. When we arrived in office there were 733,000 civil servants, the Labour Government had planned for 748,000 for next April and we shall have 712,000.

We need a smaller and more efficient Civil Service. The general public can get their services in the most efficient way at the least cost to public expenditure.

There is (he continued) too much spending in the Civil Service from all around the shop. I would not like to point the finger at any particular party. This is rather like saying that the Government is the butt of jokes. (Laughter.) Many would not be losing their jobs, though he could not say how many. Most of this exercise would be done by wastage and any job losses would be carried off by the private sector.

Lord Gormanston—(Lab.)—The Opposition have been told that the general public can get their services in the most efficient way at the least cost to public expenditure. This is a study which has just taken place.

Lord Seames—The Government has plans to make the general populace aware of what is being done. It is a question of timing and exactly when you let people know what they can do in an emergency.

Lord Shawcross—(Lab.)—A recent television programme showed what the USSR is doing in this matter. Its precautions are remarkable but more remarkable still, it is not secretive about it but is informing the public in the Soviet Union what its intentions are and how it is doing it.

Is it not important that the general public here, apart from certain security matters, should be as fully informed as possible? Lord Seames—I agree. There is a strong case to be made out that we have been unnecessarily secretive about this in this country. This aspect as well as others is being taken seriously into account in the study which has just taken place.

studies in some departments such as the Department of Health and Social Security, and reviews of activities already set in motion, particularly in the Ministry of Defence and the Department of the Environment.

The search for greater economy and efficiency will of course go on throughout the life-time of this Parliament. All ministers will continue to keep the work of their departments under close scrutiny.

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The size of the Civil Service will always depend upon the duties the Government of the day asks it to undertake. The fact that this Government set out to identify the savings which can be made, whether by the abolition or curtailment of functions.

As a result, we will be making savings right across the Civil Service. The scope for this varies between departments. At one end of the scale, the Department of Transport has identified savings amounting to some 18 per cent. In other departments the scope is smaller, but even in the fields of law and order and defence, to which as the House knows the Government attaches a particularly high priority, some valuable savings will be made.

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Statutory policy leads to explosion in pay settlements

House of Commons

No government could protect people from the effect of the oil price increase which had probably added 2.5 per cent to the cost of living in the last 12 months, Sir Geoffrey Howe, Chancellor of the Exchequer, said at question time.

Mr. Jeffrey Rooker (Birmingham, Perry Barr, Lab.) had asked what was the latest rate of inflation and how it compared with the rate 12 months ago.

Sir Geoffrey Howe (East Surrey, C)—The retail price index rose by 17.2 per cent in the 12 months to October 1979. The tax and price index, which is probably a better guide to changes in taxpayers' costs over the year, rose by 14.8 per cent in the same period. The RPI rose by 7.8 in the 12 months to October 1978.

Mr. Rooker—If the rising rate of inflation leads to higher growth in tax avoidance schemes as perpetrated by the Rookerminster Group, can the Chancellor give an assurance that the Minister of State will not be put in charge of any crackdown on such deals in view of his work with the Rookerminster Group?

Sir Geoffrey Howe—That has nothing to do with the question tabled. Mr. Greville Janner (Leicester, West, Lab.)—Does the Chancellor agree that the main burden of this dangerous inflationary increase is already falling on those who are least able to bear it?

Sir Geoffrey Howe—The burden of inflationary increases falls heavily on every section of the community including those seeking to stay in employment. That is why we regard the battle against inflation as the central plank of the Government's policy and we shall be glad of Mr. Janner's support. Mr. John Townend (Bridlington, C)—What extent are there increases due to inflation in the public sector last winter and so to what extent does he feel that his own actions are responsible?

Sir Geoffrey Howe—I accept that some Conservative MPs are anxious to lay a good many things at the door of Professor Clegg who has collected more spiders than most other professors in the last few weeks.

I agree about that, but one factor contributing to the accelerated rate of inflation was the incomes policy which collapsed so manifestly last winter. Mr. Dennis Healey, chief Opposition spokesman on Treasury and economic affairs (Leeds East, Lab.)—It is extraordinary if he regards what happened in the last pay round as the collapse of the incomes policy, that the Prime Minister and he should have accepted a 20 per cent settlement in an industry where the productivity increase has been only 23 per cent.

In view of that, can he rebuke to claim that the 6 per cent increase in RPI generated by his own actions is electionism? Is once and for all?

Sir Geoffrey Howe—Mr. Healey overlooks that the increases in the RPI resulting from a tax switch from direct to indirect taxation are once and for all. No one would claim that the 20 settlement is in line with a

much lower rate of growth in the economy. To attempt to achieve over a long period a sustained reduction in the average level of pay bargaining by means of a statutory or semi-statutory incomes policy has not been successful and inevitably resulted in the kind of explosion in pay settlements which we have had.

Mr. Healey—I disagree totally. The level of pay increases under the present Government limited by cost of living increases generated totally by the present Government shows that Sir Geoffrey Howe's famous idea that if the Government increases the cost of living by 6 per cent, working people will make no attempt to compensate it totally at variance with the whole of experience.

Sir Geoffrey Howe—Mr. Healey does little credit to his own reputation if he fails to recognise from his own experience the way in which the end of eight restraints on incomes inevitably leads to this type of pay explosion. Sir Robert Adley (Christchurch and Lymington, C)—As we have just had two questions from the

author on this country's problems, can the Chancellor indicate how long it will be before his policies begin to overcome the damage done to this nation by the previous Government?

Sir Geoffrey Howe—I think Mr. Adley overstates Mr. Healey's importance. I do not think he should be regarded as having been singularly successful in taking a substantial time, but I hope that signs of progress should appear quite shortly.

In answer to a later question Sir Geoffrey Howe said that no government could protect people from the consequence of their own standard of living caused by, for example, the increase in oil prices. Probably up to 25 per cent of the decrease in prices in the last 12 months was attributable to the large increase in oil prices over the last year.

The Government (he said) does not suggest that pay bargaining should be undertaken with a view to securing a permanent cut in that increase. It must be undertaken by reference to the extent to which the employers' organisations can afford to pay a given increase.

Mr. Brian Mawhinney (Peterborough, C) in raising the issue, said—Most of us would agree with more open Government, but we are not agreed on what a 'loose deal' is. Sir Geoffrey Howe—I would acknowledge this, but I would not agree that it is a 'loose deal' if it is an agreement between the public and a 'loose deal'.

Sir Geoffrey Howe—I would acknowledge this, but I would not agree that it is a 'loose deal' if it is an agreement between the public and a 'loose deal'.

Mr. Julian Critchley (Aldershot, C) said that Labour MPs argued that old people living alone could not afford to pay what was happening in the world, why should they not support the proposition that the few could be reduced to the level of the many?

They should look ahead to the age of satellites for transmission. France and Luxembourg had already given notice that they would have them in orbit by the early 1980s. They would be transmitting and receiving in three languages and could be used as a source of revenue for the BBC, if properly planned, would attract funds in sufficient quantity to make up the money which the

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Monetary control the key to reducing inflation

It was crucially important to maintain effective monetary control as part of the task of bringing inflation under control, the Chancellor of the Exchequer, Sir Geoffrey Howe, said at question time.

Mr. David Winnick (Walsall North, Lab.) had earlier asked the Chancellor for a statement on the Government's monetary policy.

Sir Geoffrey Howe—The recent increase in exchange rates was a factor in the inflationary pressure. The Government's policy is to maintain a steady state of the economy. The rate of interest of 15 per cent will be maintained until the next year, instead of finding it from funded sources.

Mr. Winnick—It will have seen City rumours of further increases in the M.L.R. It is clear that the present 15 per cent rate can only lead to more unemployment, recession, job stagnation, and general economic decline.

Mr. Dennis Healey, chief Opposition spokesman on Treasury and economic affairs (Leeds East, Lab.)—Does he agree with the Prime Minister that M.L.R. cannot fall until public expenditure is reduced as a percentage of gross domestic product? Therefore, the rate of interest to rise that fall next year, since the Chief Secretary to the Treasury (Mr. Geoffrey Howe) has said that public expenditure will increase as a percentage of G.D.P.

Sir Geoffrey Howe—I would not try to follow his conventional analysis. In so far as he is suggesting that the rate of interest should rise, that is not the Government's policy. The Government's policy is to maintain a steady state of the economy.

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Free TV for elderly would mean £50 licences

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An inquiry into leak of Cabinet papers

There would be the customary leak inquiry into a report in The Guardian that a Cabinet committee had approved the building of a new prison at Staveley in Suffolk, Mr. Margaret Thatcher, Prime Minister, indicated during questions.

Mr. Brian Mawhinney (Peterborough, C) in raising the issue, said—Most of us would agree with more open Government, but we are not agreed on what a 'loose deal' is. Sir Geoffrey Howe—I would acknowledge this, but I would not agree that it is a 'loose deal' if it is an agreement between the public and a 'loose deal'.

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Recent sale of BP shares

The cost of the recent sale of BP shares, including the 25m shares sold by the Treasury, said Mr. John Biffen, Chief Secretary to the Treasury, said.

He said that in 1977 the sale was underwritten because of the importance of getting the money in the financial year. The cost of underwriting was about £4m. Six merchant banks underwrote the sale and arranged the subscription. A number of other banks assisted in the distribution of prospectuses and application forms and acted as receiving banks.

Mr. Biffen—The procedures followed were almost identical to those undertaken by the previous Government. Mr. Peter Rost (South-East Derbyshire, C)—The alternative to having stock underwritten would have been to offer it at a lower price which would have meant less than £7.5m coming to the Revenue out of the issue.

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Making population aware of civil defence plans

The Government was taking a careful look at home defence arrangements to determine whether it might be possible to make, Lord Belstead, Under-Secretary, Home Office, said in reply to a question.

Lady Emmet of Amblerley (C)—There is a certain urgency in this matter. In view of the steps being taken with the Territorial Army, it would be as well to start on the civilian side as well.

Lord Belstead—I agree. For that reason, the Home Office is taking place between November 19 and 23 which was attended by representatives of central and local government and other authorities. The results of that will be taken into account as urgently as possible.

Most houses will be asked to offer a reasonable degree of protection against fall-out and this can be improved by a variety of "do it yourself" measures. (Laughter.)

Russian-made cards cause deep offence

It is for the greetings card industry to decide whether or not to approach the EEC Commission for remedial action if it believes that it is suffering injury from dumped Russian-made Christmas cards, Lord Trefgarne, a Lord-in-Waiting, said.

Officials of the Department of Trade (he added) are ready to give the industry the best possible order of a case to put to the Commission, but it is for the Commission to investigate allegations of dumping and appropriate to take the necessary action.

Lord Davies of Leek (Lab.)—Perhaps the growing Christmas kind of the Russians in sending us Christmas cards is in return for a cheap butter. (Laughter.) Lord Trefgarne—There is a serious aspect to this because these cards bear Christmas messages

DECEMBER 7-13, 1979

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THE SHAH
TELLS
HIS OWN
STORY



**HOW AMERICA
OVERTHREW ME**

WEST EUROPE

The Schmidt sparkle brings party into line

From Patricia Clough
Berlin, Dec 6

Chancellor Helmut Schmidt stands here this week at the peak of his career, his party now firmly behind him, his authority, abilities and prestige at a maximum.

The Social Democratic Party congress has become indisputably the Chancellor's congress. Despite spirited challenges to two of his key policies by the left wing the curious gap between the party and its more moderate, pragmatic Chancellor, has been sealed.

It has left Herr Schmidt, rather than Herr Willy Brandt, the Social Democrats' chairman and charismatic figure, as the leader of the party. With this kind of support he can face with even greater confidence the forthcoming battle with Herr Franz Josef Strauss in next year's Bundestag elections.

The process of fusion with his party probably began with a brilliant speech on nuclear missiles. He was rewarded by an overwhelming majority estimated at about 90 per cent, far more than had been expected.

The atmosphere in the Chancellor's circles at the social get-togethers in East Berlin was euphoric. Not only did Herr Schmidt now have full backing from the NATO council meets to decide on the stationing of the missiles in western Europe next week, but also complete authority in dealing with his eastern European neighbours.

The vote was a final defeat for attempts by the Communist block to drive a wedge between the Chancellor and sections of his party with offers on disarmament and threats to the future of its *Isopolit*.

The pullback of the first of 1,000 Soviet tanks and 20,000 troops from East Germany, suspected here to have been carefully stage-managed to coincide with the debate, had no effect.

The party has yet to vote on another key issue, the use of nuclear energy, and it seems unlikely that the Chancellor will get such a large majority on this more complex and difficult issue. Nevertheless, the spirit of the congress will almost certainly remain unchanged.

His success seems even more remarkable since many in his party do not care for him personally. He can be cocky and arrogant, gratuitously rude, and unnecessarily sharp with his critics. He has mellowed over the past couple of years and tried hard to be more tolerant of others but he easily irritates people.

Much, however, is also due to the fact that even the most critical left wingers agree there is no alternative to Herr Schmidt. Without him, they could well lose the elections and see Herr Strauss become Chancellor.

Herr Schmidt is their trump card, the right man for the times. He has been a supremely competent, tough, reliable Chancellor who has brought the country safely through five difficult years and who can offer an uncertain years to come.

The theme of the congress is security in the eighties, a message which appeals to Germans who, owing to their disastrous past, and deep national instincts, crave for safety and reliability.

For this reason, the sharpest attacks on the Chancellor have been accusations of unpredictability. A victory for Herr Strauss, the Social Democrats claim, would be a gamble, a political adventure which would destroy West Germany's own reliability and credibility in the world. With Herr Schmidt, they are in good hands.

As Herr Schmidt's sun appeared to reach its zenith, Herr Brandt's began to wane. Both in his opening speech and in talks with smaller groups Herr Brandt appeared to have lost his old fire.

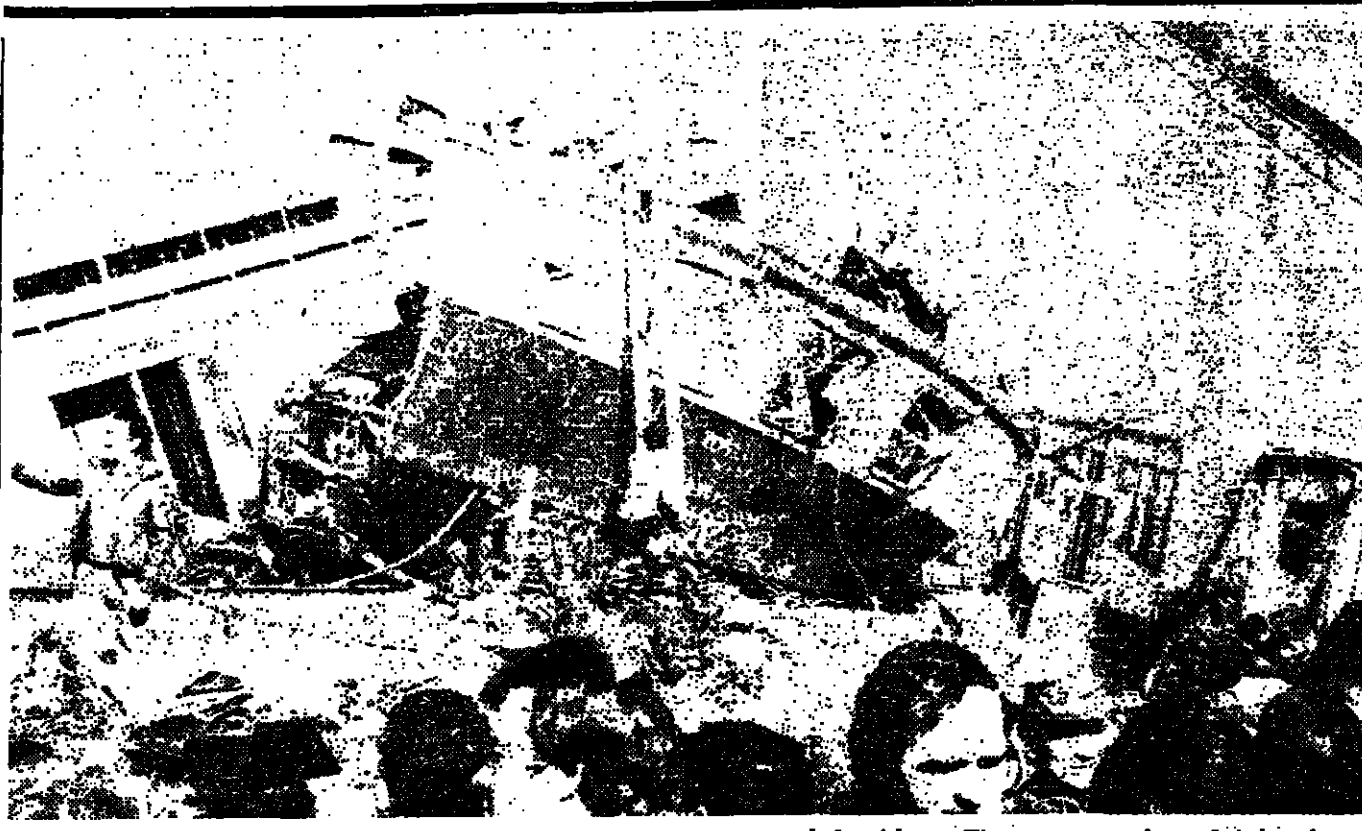
Leading article, page 7

Spanish Minister demands negotiations over Gibraltar

From Harry Debelius
Madrid, Dec 6

A new diplomatic offensive for recognition of Spanish sovereignty over Gibraltar was launched here today by Senator Marcelino Oreja, the Foreign Minister. He said he placed his trust in "the pragmatic sense which the British have always demonstrated".

The Foreign Minister made what was obviously a policy speech on the Gibraltar relations committee of the Senate, the Upper House of the Spanish



Two-train crash: Wreckage near Barcelona of two trains in which 18 people died and 85 were injured, several seriously after one, apparently unmanned, came down a slope and hit the other, Our Madrid Correspondent writes.

The head-on crash between a north-

bound morning train crowded with passengers and a southbound runaway goods train happened near the Las Franqueras station about 18 miles north of Barcelona. The goods train crew had got out to check a possible mechanical failure when the train started drifting down

The exact number of injured was hard to determine initially because they were taken to several hospitals in the Barcelona area. Some of the dead could not be immediately identified, and there were fears that more victims might be found

Warsaw Pact urges West not to deploy missiles and offers talks

From Greta Spitzer
Berlin, Dec 6

Foreign ministers of the Warsaw Pact alliance ended a two-day meeting in East Berlin today with a fresh appeal to NATO not to deploy medium-range nuclear missiles in Western Europe.

A lengthy communiqué, published by the East German Communist Party newspaper *Neues Deutschland* today, contains an interesting new formula keeping the door open for negotiations.

Whereas until now Mr Andrei Gromyko, the Soviet Foreign Minister, and other Soviet

block officials insisted that a NATO decision to produce and deploy medium-range nuclear missiles would destroy the basis for arms control talks, the communiqué said that the negotiations would become impossible when these plans were "realized".

This differentiation between the acceptance of NATO's nuclear modernization plan and its realization appears to give a four-year breathing space for talks.

The communiqué notes that the meeting considered it important that no action should be undertaken which would complicate the situation in Europe and could become an obstacle to negotiations.

"In this context, the participants of the meeting declare that the acceptance of a resolution on the production and the stationing of new kinds of medium-range American nuclear missiles in Western Europe and the realization of this resolution would destroy the basis for negotiations. It would be an attempt by NATO to conduct negotiations from a position of strength that would be fundamentally unacceptable

to the states of the Warsaw Pact."

Other pointers in the communiqué also indicate the East's interest in further negotiations. The great significance of the Salt 2 agreement is emphasized and the foreign ministers urge that, immediately after Salt 2, the ratification of negotiations on Salt 3 should begin.

The communiqué reaffirms support for the Warsaw Pact powers' proposal, made on May 15, 1975, for an all-European political conference. At this conference, détente and disarmament, as well as confidence-building measures could be discussed.

The unilateral withdrawal of Soviet tanks and troops from East Germany that began yesterday was used by the communiqué to illustrate that progress could be made

Test facing NATO, page 14

Noisy planes to be banned in EEC by 1988

From Our Own Correspondent
Brussels, Dec 6

All subsonic aircraft which cannot meet international standards for flying within the EEC from the end of 1988, EEC transport ministers agreed here today. Most subsonic aircraft above 20 tonnes will be banned from the end of 1988.

The Parliamentary Under-Secretary at the Department of Trade, said that Britain intended to eliminate the older, noisier aircraft by January 1, 1986.

Mr Tebbit added that he would have preferred an earlier date for the EEC as a whole, but the Italians had a problem because of their relatively new and noisy fleet of DC8s and they had feared the deadline for meeting the noise limits pushed back to the end of 1990.

The noise standards are set by the International Civil Aviation Organization

Irish chair empty at EEC group

Brussels, Dec 6.—The resignation of Mr Jack Lynch, the Irish Prime Minister, left a meeting of EEC transport Ministers in Brussels without its chairman today.

Mr Padraig Faulkner, the Irish Transport Minister, stayed in Dublin to prepare for his party's vote tomorrow to choose a new leader.

Peter Sellers hurt

Geneva, Dec 6.—Mr Peter Sellers, the actor, is receiving physiotherapy here for a leg injury. A spokesman said Mr Sellers damaged a tendon

Euro MP presses for rise in prices of all farm goods

By Hugh Clayton
Agriculture Correspondent

Farmers in the EEC would offer strong opposition to any attempt to freeze their prices next year, Sir Henry Plumb, chairman of the agriculture committee of the European Parliament, said in London yesterday.

He believed that price increases were needed to meet the products governed by the common agricultural policy. That included milk, for which prices were frozen by Community farm ministers early this year.

Sir Henry, a former president of the National Farmers' Union of England and Wales, rejected the idea that the Community should cut its

spending by reducing common farm prices. "Some price increases are necessary, even if they do not go so far as to meet the full increase in the costs of production."

He did not believe that the worst EEC food surpluses, in milk products and sugar, would persist for long. Sugar consumption was rising in developing countries and the year more than a million cows would be slaughtered in a Community scheme to persuade dairy farmers to stop producing milk.

"It could be that in another year's time it could just go too far," Sir Henry said. "If we are going to plan for a market of 260 million consumers we have got to plan for plenty."

Gaullists look up to Mrs Thatcher

From Charles Hargrove
Paris, Dec 6

Dr Bernard Pons, the secretary general of the Gaullist RPR, told a press conference today that President Giscard d'Estaing should take a leaf out of Mrs Thatcher's book in his conduct of international affairs. But having defied his bid to the British Prime Minister, he declares that "the French Government should not allow itself to be drawn into any negotiation on the terms of Britain's entry."

In answer to my question whether he thought General de Gaulle had been right in closing the door of the EEC to Britain, he replied with an unequivocal "yes". But he pointed out that he did not share the view expressed by M Jean Lecanuet, the president of the Gaullist UDRF on Sunday, after the Dublin "summit". Though a staunch European who clashed violently on many occasions with General de Gaulle, Mr Lecanuet said he would "re-sign himself to Britain's withdrawal from the EEC if the British did not accept the rules of the game."

Dr Pons made it clear that the gulf between his party and both the Government and its Gaullist partner in the majority was now very wide. There was a deliberate absence of consultation and dialogue with the RPR on the part of Mr Ray-

mond Barre, the Prime Minister.

M Claude Labbé, the chairman of the RPR parliamentary group, said on the radio yesterday that M Barre had faced the group before deciding to pledge his Government's responsibility on the Bill to increase social security contributions of pensioners. "Like a bullfight who has come to serve a writ on you."

Dr Pons thought that M Barre acted as if he wanted to leave the premiership, but the Gaullists would not help him to find a way out. President Giscard d'Estaing, in the Gaullist leaders' view, is keeping him in office as an act of deliberate provocation.

Their current aim is no longer with the Prime Minister regarded as a mere executor of the policy of the President himself, who is ultimately responsible for the deteriorating political situation. On European policy, on the budget, on reform of the social security system, the Gaullists had over the past couple of years made concrete proposals. But these had been ignored, and now they were being proved right.

The RPR secretary general admitted, however, that public opinion did not understand the Gaullist stand towards the Government; it was a difficult one, and Gaullist refusal to approve the budget or the social security Bill without going so far as to bring down the Govern-

Iceland's new government may be left wing

Reykjavik, Dec 6.—Mr Steingunnur Hermannsson, leader of the Progressive Party, began trying to put together a new coalition government in Iceland today after his party's gains in the general elections.

"I will try to form a new left-wing government," Mr Hermannsson said, with the participation of the Social Democrats and the People's Alliance. This should be possible. His party won five new seats, the largest gains, in the elections this week.

The Progressive Party, a centrist party, will try to form a coalition with the two main left-wing groups in Iceland.

'L'Aurore' to merge into Hersant press empire

From Ian Murray
Paris, Dec 6

A piece of hardboard is nailed up above the main doorway of the offices of *Le Figaro* just below the sign bearing its title. A press conference here today was told that beneath the hardboard was the name of *L'Aurore*, already in position for the merger of the two newspapers.

Stories that *L'Aurore* was about to fold have been circulating in press circles since before the conservative 18-month ago as one of the assets of the bankrupt Boussac empire.

The purchaser, M Marcel Fournier, president of one of the largest super-markets in France, then made a technical agreement with M Robert Hersant, whose press empire includes *Le Figaro*. This was cancelled because of strong opposition from the communist-dominated CGT printers' union, but since then *L'Aurore* has been passing more and more under Hersant control.

Although M Hersant has no shares in *L'Aurore* he has been retained as a management consultant. The paper's share a large amount of material.

OVERSEAS

Diplomat's election as President points to reforms in S Korea

From Peter Hazelhurst
Seoul, Dec 6

Diminishing fears that President Park Chung Hee's death might herald in a era of political instability in South Korea, Mr Choi Kyu Hah, an experienced diplomat and outgoing Prime Minister, was elected President today.

Mr Choi, who is 50, became acting head of state, immediately after General Park was assassinated on October 26. He was elected by 2,465 votes in the National Council for Unification, an electoral college consisting of 2,583 representatives.

Leaders of the Opposition, who are demanding that the President should be chosen by direct universal franchise, boycotted the election.

Mr Choi emerged as the only candidate. Officials said that 84 ballot papers had been invalidated.

Mr Kim Dae Jung, the opposition leader who nearly defeated President Park in 1971, was kept under house arrest today.

Mr Kim, who had been placed under house arrest a year ago after being released from prison through an amnesty, is to be freed next week, government officials hinted.

A future candidate for power, Mr Kim Jong Pil, aged 53, leader of the ruling Democratic Republican Party and a former Prime Minister, announced last month that he would not contest the election.

To the surprise of a number of Western diplomats, the election today provided South Korea with a peaceful transition of power under President Park's constitutional provisions for succession.

Although martial law is still in force, there was little evidence of the Army's presence in the streets of Seoul. Two tanks and a few armed guards are still stationed outside Government headquarters, and other strategic buildings. A 10 pm curfew, imposed immediately after President Park's assassination, has been pushed back to midnight and expected peaceful demonstrations have not materialized.

But there can be little doubt that South Korea has entered a new political era which will herald the end of what critics today described as a "dictatorship for Park, by Park, and of Park."

President Choi is installed in office for five years, but growing demands for a more liberal form of government indicate that he will act as an interim head of state until constitutional reforms are ratified by a referendum.

The National Assembly has already established an ad hoc committee which is expected to draw up the draft of a new constitution. The main opposition force, the New Democratic Party today demanded that the constitution should be revised and a new presidential election held by August 15 next year, the anniversary of Korea's liberation from Japanese rule.

President Choi Kyu Ham: No popular following.

President Choi Kyu Ham: No popular following.

Soviet Union tries again to land plane in Malaysia

From Our Correspondent
Kuala Lumpur, Dec 6

The Soviet Union has asked Malaysia for landing rights for one of its cargo aircraft to land from Saigon. This is seen by diplomatic sources here as an attempt to involve the Soviet Union in the Vietnam conflict.

At first Malaysia refused but the Soviet embassy renewed the request, saying the aircraft, an Antonov 12, was carrying "humanitarian cargo" to Malaysia. The Soviet Union is re-evaluating its relations with its Asian neighbours over Kampuchea.

The Soviet Union has been suggesting to Asian countries, either directly or through third parties, that the time has come for talks on solving the impasse that Vietnam has created in its relations with its Asian neighbours over Kampuchea.

At present the Soviet Union files regular flights across Thailand to Vietnam, often without permission. Sources here also wonder why, when this is happening, the Soviet Union wants permission for just two flights.

scale of this assistance—though the figures are not properly displayed in Soviet newspapers—as to whether many ordinary Russians are complaining of widespread consumer shortages.

At the same time the Soviet press daily to Kampuchea, in conjunction with China, is trying to expunge its guilty conscience for the destruction of Kampuchea by reinforcing remnants of the Pol Pot gangs which the Russians admit are still operating on the Thai border.

Posting as "Humanitarian" aid, the West was trying to legitimise shipment of supplies to these "gangs" and to interfere in Kampuchea's internal affairs.

The Russians are linked by treaty to Vietnam, and can only hope for a swift end to the fighting in Kampuchea which they fear may become Vietnam's "Vietnam"—a quagmire sapping their strategic reserves of men, money and morale.

The Soviet press announced long ago that Pol Pot had been decisively defeated. *Investia* explained the continued fighting last month by saying: "There is no armed conflict in the country. What is taking place is the liquidation by the people's government of groups of bandits who are supported by some foreign groups."

Beneath Soviet worry at the Khmer Rouge's continued resistance, there is serious concern at the repercussions of

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New Peking site for 'democracy wall'

Peking, Dec 6.—Peking officials said today that the capital's "democracy wall" would be moved to a less accessible spot on Saturday, but posters would still be permitted under official control.

The Peking Revolutionary Committee, the equivalent of city council, announced the regulations after sharp criticism in recent days of the year-old forum for political activists.

A city spokesman inadvertently disclosed just how popular the "democracy wall" had become when he was quoted by the New China news agency as saying that crowds gathering there had spilled over on to Peking's main boulevard and blocked traffic. Chang An Avenue is exceptionally wide and lined with broad pavements that easily accommodate large crowds.

There was only a scattering of people at the wall today, scanning old posters on the brick side of a bus parking lot.

The new regulations say that from Saturday posters can be displayed publicly only in Yunnan Park, the western section of the capital. They would still be permitted within the confines of a person's work place.

Anyone wanting to paste up a poster in the park would have to register his name, pseudonym, address and a place of work at a special office. This centre would not examine the poster, and its content would be the responsibility of the author, both politically and legally.

"It is forbidden to disclose state secrets, to fabricate information and make false charges, to commit libel and conduct other actions which violate the law," the regulations say.

Criticism of the wall intensified after the jailing for 15 years of Wei Jingsheng, a political activist, for passing military secrets to a foreigner and counter-revolutionary activity. The latter charges were not to his writings on the wall.

The "democracy wall" has come under fire from members of the National People's Congress (Parliament), the press and city officials, who all demanded that it be "dealt with".

They described it as having a bad influence on the nation, and there was special criticism of activists alleged to have used it to establish close relations with foreigners.—Reuter.

Air marshal can attend court to challenge regime

From Our Correspondent
Islamabad, Dec 6

Mr Justice Mushaq Hussain, Chief Justice of Lahore High Court, has allowed Air Marshal Asghar Khan, president of the dissolved Tehrik-e-Istislat, to be in court on December 15 when his petition challenging the dissolution of political parties by the martial law regime is heard.

Under the stricter regulations enforced since October 16, President Zia-ul-Haq, chief martial law administrator, has banned political activity, dissolved all political parties without warrant, for publishing material held to be defamatory by any citizen even though the article might be true and in the public interest.

The council of Pakistan newspaper editors is protesting against a proposed law which would allow the arrest of an editor and publisher without warrant, for publishing material held to be defamatory by any citizen even though the article might be true and in the public interest.

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OVERSEAS

Israeli Army begins reckoning up strategic cost of peace as 300 lorries carry out Sinai removal

From Christopher Walker

Refidim, Sinai, Dec 6

Far removed from the niceties of the negotiating table, evidence of the high strategic price Israel is paying for its peace treaty with Egypt is to be found here among the ruins of what used to be the nerve-centre of Israeli military operations in the Sinai.

Thousands of tons of military hardware, secret electronic material and prefabricated buildings have been transported back more than 100 miles across the desert to new bases in the Negev, inside Israel's 1948 boundaries. The rubbish left by 12 years of military occupation is now being fed daily on to a giant bonfire.

When Egyptian troops move next month into Refidim, 20 miles north of the Gidi pass, they will find a new camp, a renovated mosque and even some ageing British-built Nissan huts still intact.

But under the terms of Operation Ramon, the Israeli Army's biggest peacetime exercise, all bunkers and other sensitive installations will have been destroyed by explosives.

We will not be destroying anything just for the sake of it," explained General Haim of Israel's Southern Command. "Although we will be leaving the Egyptian desert of 400 buildings, many in better condition than we found them in 1967. They will also be getting roads, underground cables, and all our major water-supply systems."

The general was speaking to the foreign correspondents permitted to inspect the mechanics of a move which by April, 1982, will have seen the transfer of 61,000 square kilometres of Sinai to Egypt—an area two and a half times larger than the whole of Israel. Like many of

his senior colleagues, he had reservations about the treaty.

"In my opinion we are giving away too much."

As well as injecting an estimated \$2,500m into an already overheated economy, the shift of the massive Israeli military machine from the Sinai back to the Negev is also posing serious problems for the military commanders.

According to General Haim, the most worrying will be the difficulty of obtaining early warning of a sudden attack by Egyptian tanks "through the wastes of the Sinai."

"We shall be losing about 250 kilometres of vital buffer zone. To compensate, we shall have to ensure that our Army is always kept in a state of full alert," he said. "It is no use placing any trust in international observers."

Other problems for the Israelis are the loss of spacious training areas, the need to set up an expensive new military infrastructure in the inhospitable Negev, and the difficulties of maintaining troops in a state of war readiness while undertaking the move.

Already 59 out of a total of 103 military installations have been switched. 22 Army camps have been rebuilt, and more than 85,000 tons of equipment moved in a fleet of 300 heavy lorries.

The hazardous desert roads bear daily witness to the fact that the Israeli Army is tackling peace with the same thoroughness it usually brings to war—even to the extent of carrying back the burnt-out shells of Egyptian tanks to use in target practice.

There are some military gains for Israel from the withdrawal—supply lines will be much shorter, and the smaller boundaries, troops will

be easier to switch from one border to another, and the mobilization of the reserve army will become more efficient.

Senior officers have spent many hours reviewing tactics in case of another war with Egypt in Sinai. The Army's top priority will be to reoccupy the desert as fast as possible rather than stay back fighting from the 1948 boundary, which is close to many Jewish settlements.

The statistics of Operation Ramon are easy to enumerate, but the psychological effects on the Israeli troops are more difficult to assess. There seems to be a split between those who feel that the peace process was a gamble worth taking and those who believe that the risks are too high.

Many officers regret abandoning the expanse of the Sinai. Lieutenant-Colonel Ehad, who at 33 is the veteran of three Sinai campaigns, explained: "As a romantic, I shall miss it a lot. The sunset, the views, and most of all the isolation. There was so much space. I felt this was my kingdom."

His tank unit has already moved back in advance of next month's hand-over to Egypt of a line stretching from El Arish on the Mediterranean to the Red Sea town of Ras Muhammad. That will give President Sadat possession of 70 per cent of the Sinai peninsula.

At the make-shift camp where Colonel Ehad's tank company is based until the beginning of January, the burnt-out remains of a wooden notice board sunk in the sands. Designed to greet the Egyptian border guards who will arrive on January 26, it says simply: "We did not retreat—we left for peace."

Israeli official criticizes 'dropout' Soviet Jews

From Moshe Brilliant

Tel Aviv, Dec 6

Mr Arye Dulzin, chairman of the executive of the Jewish Agency for Israel, said today that Jews leaving the Soviet Union were not entitled to refugee status.

He deplored the fact that 67 per cent of the Jews leaving the Soviet Union for Israel dropped out en route and received refuge in Western countries, mainly the United States.

"Russian Jews are not refugees," he said at a press conference here. "A refugee is a man expelled from his country or fleeing his country and has no place to go. Russia is not the Soviet Union with visas for Israel."

Mr Dulzin was unwilling to advise the United States and other governments what conclusions it should draw about the Jewish Agency was urging Jewish communities to reduce their assistance.

The Jewish Agency, which represents the World Zionist Organization and Jewish, said that the Jewish Agency for Israel is responsible for immigration under a charter from the Israeli Government.

Mr Dulzin said Jewish communities welcoming the dropouts were indirectly encouraging Soviet Jews not to go to Israel by offering them assistance.

He said the Jewish Agency was campaigning among the communities that only close relatives should be helped to settle in the United States and other Western countries.

Other Western countries should be left on their own unless they go to Israel. Nine large communities had already adopted this principle, he added.

Soviet Jews require affidavits from relatives in Israel in order to apply for exit permits.

He estimated that 19,000 will have left Russia this year. This represented a considerable increase over previous years.

Mr Botha wins retraction from newspaper

Johannesburg, Dec 6—A

Johannesburg newspaper, *The Star*, has retracted a story that Mr P. W. Botha, the Prime Minister, was the alleged slayer of rare animals by South African troops serving in Namibia.

It said, on the front page: "After a discussion with the Prime Minister and the editor of *The Star*, the Star accepts without reservation that Mr Botha was not present at any braai (barbecue) near Sodalite in South-West Africa—Namibia on April 2 or 3 in 1977."

The paper has published a series of stories alleging that troops, sometimes accompanied by high-ranking government officials, have been slaughtering animals by South African troops serving in Namibia.

As part of the series, *The Star* reported that Mr Botha had been the honoured guest at a barbecue during which at least two rare black-faced impalas, shot by soldiers, were served. Mr Botha angrily denied the story which the paper based on statements from five former soldiers who wrote letters to the paper.

Mr Botha, for having embarrassed him.—AP.

Greek Navy is reinforced by 32 naval units

From Our Own Correspondent

Athens, Dec 6—Thirty-two naval units, including two destroyers, two submarines, and four missile gunboats, were commissioned in the Greek fleet today on the day of the Greek Navy.

The ceremonies held on the island of Salamis, were attended by President Ioannis Evangelos, the Prime Minister, and the Minister of Defence.

The Minister of Defence said the island of Salamis, which is 100 years old today, and the one at Suda Bay, in Crete, were maintaining 32 naval units in excellent working order.

He pointed out the four Communist missile gunboats built in Normandy, whose guns fire 2,000 rounds a minute, with computers ensuring accuracy. Six missile gunboats are being built in Greece under a French licence.

The destroyers were old but reconditioned so that, according to Mr Averoff, their fire power was bigger than when they were first commissioned. They were first purchased from the United States, the other was a gift from West Germany which had also built the two submarines.

S Africa starts inquiry into need for tougher press law

From Ray Kennedy

Johannesburg, Dec 6

The South African Government has appointed a commission to inquire into press reporting of military activities. It has given less than four months to say whether the existing law restricting how much can be disclosed is sufficiently effective.

The appointment of the commission was announced yesterday by Mr Pieter Botha, the Prime Minister, who is also Defence Minister. It will be headed by Mr Justice Marthinus Steyn, who was South Africa's Administrator-General in Namibia (South-West Africa) until he was abruptly replaced recently by Dr Gerrit Viljoen, head of the Afrikaner secret society, the Broederbond.

The decision to appoint an inquiry into military reporting was announced by Mr Botha after a three-day Cabinet meeting in Pretoria during which international reaction to the Minister's admission last Friday that South African troops were operating in Zimbabwe Rhodesia was undoubtedly discussed.

Mr R. F. Botha, the South African Foreign Minister, returned on Monday from talks in London and Bonn during which he reported about South Africa's involvement in Zimbabwe Rhodesia had been twisted by foreign press.

It appears that the government is particularly angry about the interpretations put on Mr Botha's remarks on Friday. The Prime Minister said that South Africa was protecting supply routes—he never actually said that South African troops were in Zimbabwe Rhodesia—but the general interpretation was that they were involved in a much wider role.

The appointment of the commission of inquiry, which is to recommend whether the Defence Act should be amended, is the second significant move to curb the press by the Prime Minister since he came to power just over a year ago. First was the Advocate General Bill.

This followed exposure by the press of the scandal which brought down the Information Department empire of Dr Connie Mulder.

Antarctic crash bodies flown to New Zealand

From Our Correspondent

Wellington, Dec 6

The first 114 bodies recovered from last week's DC10 air crash in Antarctica were flown to New Zealand today for identification.

Initially, police believed that fewer than 100 bodies of the 257 passengers and crew who perished in the disaster could be recovered from the icy slopes of Mount Erebus. But the expectation now is that perhaps 200 will be found and flown back to New Zealand.

Altogether, 160 bodies have been lifted from the crash site. They are being stored at McMurdo Sound, where awaiting transportation to New Zealand. The recovery operations are being hampered by clouds and turbulent winds.

China and Indonesia to discuss diplomatic links

From David Watts

Jakarta, Dec 6

China is to open negotiations for the establishment of diplomatic relations with Indonesia, it was said today. So far no date has been set for the arrival of a Chinese negotiating party in Jakarta as there are a number of outstanding issues.

Not least of these is the question of more than 100,000 Taiwanese passport holders out of Indonesia's four million residents of Chinese descent. These Taiwanese citizens are to be asked to make the choice between becoming Indonesian citizens or taking Peking passports.

So far there is no indication of what will happen to those who choose neither. Technically they will become stateless but there will be no question of repatriating any of them, Mr Mochar Kusuma Atmadja, the Foreign Minister, said.

Last month an Indonesian Minister was quoted as saying that those who refused both options would be repatriated. The Foreign Minister noted that already those Chinese who do not hold Indonesian passports were provided with travel documents by the Government.

"Why would we create problems for ourselves by repatriating them? It's not State policy," the Minister said.

He added that a number of Chinese would want to retain their Taiwanese passports while most would switch to Peking now that the attempted communist coup of 1965 was fading from Indonesian memories.

Many Indonesians consider the events of September 30, 1965, were China's first, but unsuccessful, attempt to export its revolution. Some 500,000 people were killed in the anti-communist repression which followed.

With that trauma in the minds of the Indonesians there has been no hurry to establish relations with the Peking Government but it has been left to the Chinese to make most of the running in setting up links with South-East Asia's largest country.

With the exception of Singapore, all of the remaining countries which make up the Association of South-East Asian Nations have already established formal diplomatic relations with China.

Perhaps sensing a shift in policy over Indo-China, the North Vietnamese have quickly stepped in to remind President Suharto, the Indonesian leader, that he has already indicated his willingness to visit Hanoi. So far no date has been set for the visit.



Ayatollah Shariat-Madari, whose followers seized control yesterday in Tabriz, capital of Iran's Azerbaijan province.

Senator Kennedy rebuked for remarks on Shah

From Patrick Brogan

Washington, Dec 6

Senator Edward Kennedy has been heavily criticized for attacking the former Shah of Iran for having "one of the most violent regimes in the history of mankind" and for "stealing untold billions from Iran."

He is criticized because he is running for President, and the tone of the attacks is reflected in a large headline on the front page of the *New York Post* yesterday: "Teddy the toast of Tehran."

The accompanying story alleges that the crowd outside the embassy where the hostages are being held chanted "Teddy for President" and "Kennedy is the best." The story also says that the Iranian ambassador to the United States, Mr. Habibollah, is a close friend of Kennedy's.

Mr Kennedy has not withdrawn his remarks about the Shah, but has found it necessary to reaffirm his support for President Carter's handling of the crisis. He said yesterday that there should be a national debate on whether the Shah should be allowed to remain in the United States, and then

tried to wind up the story today by saying that Mr Cyrus Vance, the Secretary of State, had promised to consult the Senate before giving the Shah permanent asylum.

No one really disagrees very much with substance of what Mr Kennedy said, although his hyperbole is deplored, and republicans such as Mr John Connally and Dr Henry Kissinger try to minimise the Shah's misdeeds.

The senator is under attack because of his timing being accused of breaking ranks when national unity behind the President is essential.

The suggestion is that if Americans start debating the merits of the Shah's police methods and financial arrangements, the Iranian will believe that they are winning the propaganda battle, and that they should therefore continue to hold the hostages.

Whatever substance there is in this suggestion, Mr Kennedy's gaffe is being used by his opponents, especially President Carter, to illustrate their contention that he is unsuited to the Presidency.

US plans mobile force for use in trouble spots

Washington, Dec 6—The

Carter Administration, faced with the embassy occupation in Tehran and other international crises, is planning a mobile military force for swift deployment to the world's trouble spots, a senior Marine Corps general said today.

Major-General P. X. Kelly, Chief of the Marine Corps Program, told reporters that the planned rapid deployment force would enable the United States to put up to 50,000 Marines, with a month's supplies and weapons, anywhere in the world.

He said the decision to create the force emerged from such events as the Iranian crisis and the reported presence of Soviet combat troops in Cuba. These events had highlighted the need for the United States to have a full range of credible options, from doing nothing to using nuclear weapons.

The general said he expected the Carter Administration to request a budget of about \$300m (£150m) from Congress to create a fleet of support ships for the rapid deployment force.

Other officials said the plan also involved increasing the number of transport aircraft to move combat troops from United States bases to the trouble spots.—Reuter.

Politics fun for Rhodesia's governor

By David Spanier

Diplomatic Correspondent

An aura of exuberance and good living has always surrounded the ample figure of Lord Soames, the newly designated Governor for Rhodesia, and has made him seem slightly larger than life.

To a period of technocrats and apparatchiks, he has shown forth as an individualist who enjoys politics as a man might enjoy hunting.

"What fun it all is," he was wont to exclaim, champagne clutched in his hand after a particularly hard bout of negotiation in the European Community, where he served as Vice-President of the Commission from 1973 to 1976. It must be doubtful in his new appointment, presiding over a fragile ceasefire and election campaign in Zimbabwe Rhodesia, will be such fun.

Lord Soames is not a man to shirk duty when asked to serve. He has had a long and active political career, and, overcoming a serious illness, partly induced by all the hard work and large meals he has thrown in Brussels, rose to the post of Lord President of the Council in Mrs Thatcher's Cabinet.

Though very much a high Tory in style and background, Lord Soames succeeded in cutting across the party lines in Britain. After he lost his seat in the House of Commons in 1968, where he had been Minister of Agriculture, it was the Macmillan Government, it was not long before opportunity opened in a quite different direction, with the invitation from Sir Harold Wilson to take over the British Embassy in Paris in 1968.

The mansion built by the Duke of Wellington was a splendid setting for Lord Soames (or Christopher, as everyone knew him) to launch his diplomatic initiative to get Britain into the EEC, for as he well understood, the door to Brussels led through the Elysée Palace.

He got on very well with General de Gaulle, indeed almost too well. What became known as "The Soames Affair" nearly ruined his career. When the French President's indulgent reflections over lunch about the importance of Britain and France going together to endow the EEC, Lord Soames, somewhat indiscreet, stage whisper from London, to Bonn, Lord Soames found himself in terrible trouble.

He survived, as he has a way of doing, and his stay in Paris almost too well. What became known as "The Soames Affair" nearly ruined his career. When the French President's indulgent reflections over lunch about the importance of Britain and France going together to endow the EEC, Lord Soames, somewhat indiscreet, stage whisper from London, to Bonn, Lord Soames found himself in terrible trouble.

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RAF borrow US planes for Salisbury airlift

By Henry Stanhope

Defence Correspondent

The RAF has had to ask the United States Air Force to help in the airlift of the ceasefire monitoring force to Zimbabwe Rhodesia.

As a result of defence cuts, it has no aircraft of its own which can carry the Puma helicopters, needed to deploy detachments of the 1200-strong force once it arrives. A request has gone to the USAF for the loan of a number of Starlifter and giant Galaxy freighters.

Ministry of Defence sources said the request had been favourably received in Washington. But the USAF has no Galaxies or Starlifters in Britain, which means that they will have to be flown across the Atlantic before the force is ready to leave.

The RAF's Belfast transport aircraft could have done the job, but these have been sold as a result of defence cuts. The last was taken out of service in 1978.

Other equipment, as well as the troops themselves, can be carried in RAF Hercules aircraft, about 45 of which are in operational use. But a Hercules can accommodate a Puma—which itself can carry up to 20 lightly armed troops—only if the helicopter is partially stripped down before the flight and reassembled at the other end.

Army Gazelle and possibly Scout helicopters will also be taken to Rhodesia for the use of the force, between 600 and 700 of whom will be supplied by Britain. The others will come from Australia, New Zealand, Kenya and Fiji.

The airlift will be mounted from RAF Brize Norton and RAF Lyneham, and soldiers who have been handpicked for the special assignment, were on standby last night. Negotiations about overflying rights and about one or more staging posts for the aircraft were continuing yesterday, however, and sources said that the force would probably not leave until Monday night at the earliest.

Zimbabwe Bill gets fast passage

By Fred Emery

Political Editor

The British Government's Zimbabwe Bill, with the help of the Opposition, to be taken through all its Commons stages next Wednesday, and soon after through the Lords.

Of the Bill's six clauses perhaps the most potent for Britain is that concerning nationality which, in schedule one, allows the citizens of Zimbabwe Rhodesia to apply for registration as citizens of the United Kingdom and colonies up to 12 months after independence.

The commitment may be traditional but it has implications for immigration to Britain which will doubtless be explored in debate on the Bill, which was published yesterday.

In providing for independence, the Bill also grants an amnesty of criminal proceedings, or proceedings in tort, in connexion with Rhodesia's 1965 unilateral declaration of independence, in respect of any act committed or omitted before the date the new British Governor takes up his duties.

A written parliamentary answer last night disclosed that next year's election in Rhodesia would, on the 80 common roll seats, comprise eight electoral districts with numbers of seats varying according to the estimated number of voters.

Seats would be allocated in proportion to the valid votes cast for each party list in each district, with any party receiving less than 10 per cent of the vote in a district receiving no seats.

The 20 reserved white roll seats would be elected in 20 white roll constituencies.

The troops include a disproportionately large number of officers and NCOs because of the sensitive nature of the work. David Cross writes from Washington: The United States today welcomed the latest breakthrough in the Zimbabwe Rhodesia peace talks as a "historic accomplishment which reflects great credit on all the participants."

A few issues remained to be resolved, a statement by the State Department said, but the United States was confident that a settlement was near. The Administration urged all the participants to move towards a final agreement and said that they had its full support.

At the same time, a State Department spokesman announced that the United States Air Force was providing a number of giant C141 and C5 transport aircraft to help ferry equipment from Britain to Salisbury for the new peace-keeping force. It is understood that about 12 aircraft will be provided to carry about 150 lorries and 12 helicopters.

The tentative ceasefire agreement has also been welcomed by Congress. Mr Stephen Solarz, chairman of the African subcommittee of the House of Representatives, said it was one of the most brilliant diplomatic achievements of the postwar era.

Lord Carrington, the Foreign Secretary, deserved the Nobel Peace prize for his virtuoso performance in initiating these extremely delicate negotiations and steering them to a successful conclusion," Mr Solarz said. The agreement was a vindication of the "restraint and responsibility" shown by Congress and by the Administration in refusing to lift economic sanctions against Zimbabwe Rhodesia, he added.

The State Department today reiterated the Administration's decision to lift economic sanctions promptly once a British Governor has arrived in Salisbury and the process towards new elections has begun.

Talks delay 'caused many deaths'

Salisbury, Dec 6—Bishop

Muzorewa, the Zimbabwe Rhodesia Prime Minister, today accused the Patriotic Front leaders at the London talks of using delaying tactics that had caused "very many unnecessary deaths."

But the Bishop, in a statement, welcomed yesterday's decision by the guerrilla alliance of Mr Robert Mugabe and Mr Joshua Nkomo to accept British terms for a ceasefire in the seven-year war between Salisbury and the Patriotic Front.

The statement was the Bishop's first reaction to agreement, in principle, on a ceasefire which opened the way for a comprehensive peace package.

He said he had been assured by his delegation at the London talks that there would be no modification to the ceasefire proposals.

"The acceptance by the Patriotic Front of the proposals came as no surprise because it was known from the beginning of the conference (over three months ago) that the Patriotic Front would have no choice but to accept any proposals that were laid on the table by the British Government and accepted by the Government of Zimbabwe Rhodesia."

"It is hoped that they (the guerrillas) will not be allowed to indulge in any further delaying tactics. These tactics which they have so successfully followed over the past three months have resulted in very many unnecessary deaths which must be laid at the door of the Patriotic Front."

The Bishop's accusations were clearly intended to fuel his campaign at fresh, British-supervised elections expected to emerge from the talks in London.

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Will the Western alliance say yes to a new nuclear arsenal in Europe?

Arms control: the new missile test facing Nato

Next week's meeting in Brussels of Nato foreign and defence ministers is likely to be an anticlimax. On current form, Nato leaders will ratify a controversial plan to deploy in Europe new American cruise and ballistic missiles with ranges capable of striking the Soviet Union.

There still could be a slip: a clever gesture from Moscow, for instance a freeze on its deployment of SS-20 missiles, might tempt Nato to delay; and there remain doubts about whether Holland, one of the planned sites for the new missiles, along with Britain, Germany, Belgium and Italy, will participate.

But Nato has made this issue a test of its ability to take action in the face of Soviet opposition. Memories of the neutron bomb episode of the last several years, when Nato appeared to flinch under Soviet pressure, will be much on the minds of those in Brussels.

The speech by Mr Brezhnev in Berlin in early October had the immediate effect of increasing the pressure on Nato leaders to reach an affirmative decision.

However, an affirmative decision in Brussels will not lay the issue to rest. Even with the decision now to deploy new missiles, it will be 1983 before they can be on the ground in western Europe.

The issue for Nato in Brussels is what sort of arms control initiative will accompany its decision on new deployments—and in particular how the deployments will be linked to arms control negotiations.

The Dutch and others in western Europe have argued that Nato should decide to produce the new missiles now but defer a firm commitment

Nato has made this issue a test of its ability to take action in the face of Soviet opposition

to deploy them pending the outcome of arms control negotiations with the Soviet Union.

Others, including Herr Schmidt, have backed firm decisions now on both production and deployment, but have hinted that the progress of negotiations might mean that not all of the 572 planned missiles need be deployed—and perhaps even that the final number might be zero.

In Brussels, the Nato leaders are likely to opt for both production and deployment. At the same time, they will seek artful language to bring the Dutch in and minimise opposition to the plan among those Europeans who worry most about the course of détente.

In his Berlin speech, Mr Brezhnev offered to discuss reducing Soviet medium-range nuclear missiles targeted on Europe, but only if Nato did not go ahead with its plans. He made veiled threats to any European country that accepted the new missiles, and he singled out the Federal Republic.

He also offered, as a unilateral gesture, to withdraw 20,000 Soviet troops and 1,000

Soviet tanks from East Germany. Some first units of which started on Tuesday.

Yet almost before western opinion could digest the speech, it was followed by an avalanche of propaganda reminiscent of nothing so much as similar Soviet campaigns in the 1950s. East German by the millions have been signing petitions calling on Nato not to go forward.

The effect has been to underscore Mr Brezhnev's speech as an attempt to interfere in Nato planning, and to obscure its most promising aspects. Marginal though the military significance of Mr Brezhnev's offer may be, it cannot have been easy for him to negotiate it through the Soviet Politburo.

Yet the ensuing propaganda barrage suggests that the Soviets may indeed regard the neutron bomb episode as a Soviet success which can be repeated.

In any event, Moscow has badly misread western politics. If Mr Brezhnev had made his October offer, or even less, in July, they would have complicated the debate in Nato, but now the leaders of America and western Europe have committed their prestige, and that of their alliance, to an affirmative decision.

There are compelling reasons for deciding now both on production and eventual deployment, of new missiles. If the Soviet Union is serious about negotiating a firm demonstration of western resolve can only make it more so.

Last week in Bonn, the Soviet Foreign Minister Mr Gromyko, threatened that a "yes" by Nato in December would mean no negotiations. That, however, flies in the face of what the Russians have



Russian troops—the first part of a Soviet withdrawal from Eastern Europe—wave goodbye with flowers from Wittenberg Station on Wednesday.

been saying privately since the Brezhnev speech, and must be read as an effort to turn the heat up on Nato. (So far, Moscow has offered to limit that it would be prepared to reduce its SS-20s, the most menacing of the new nuclear weapons targeted on western Europe.

For Nato to defer its plan, or to separate production and deployment, deferring the latter, would look weak in the face of the Soviet build-up.

It would suggest that even prospective Nato systems are negotiable, while existing Soviet ones are not.

With affirmative decisions next week in Brussels, attention will shift to arms control arms, especially Salt III. Moscow will have opportunities to put strain on Nato, hoping to interfere with implementation of the Nato decision.

For example, next October the Conference on Security and Cooperation in Europe (CSCE) will meet in Madrid, and security issues are bound to be more prominent than they were two years ago in

Belgrade. Moscow can be expected to recruit European neutrals and non-aligned states in a campaign against "destabilizing" Nato plans to deploy new missiles.

Nato will need clear understandings about how arms control relates to the deployments. Its initial arms control proposals, part of the Brussels package, will be negotiating openers but hardly guides to where Nato hopes to come out.

By the military logic of the planned deployment, not all of the 572 missiles can be negotiable. The point is to permit Nato to carry out its own flexible response strategy, not let the SS-20s freeze at their current number of between 120 and 150. Nato would still lack the longer-range missiles in Europe needed to sustain the credibility of Nato's deterrent.

But some portion of the planned deployment should be negotiable, depending on what the Soviet Union is prepared to offer.

Nato will seek, in the first instance, to restrict the negotiations, in Salt III or elsewhere if Salt II is not ratified to a few European-based systems—the SS-20 and comparable weapons that Nato might deploy.

But Moscow has every incentive to try to widen the negotiations to include American nuclear-capable aircraft based in Europe—so-called "forward based systems"—and perhaps also British and French independent nuclear forces.

On this score as well, Nato will need to be clear about what it is prepared to pay in limits on its own systems for restraints on Soviet weaponry. Otherwise it runs the risk that the results of both arms control and Nato's nuclear modernization will make no military sense and will produce continuing strain within the alliance.

Gregory F. Trevorton
The author is assistant director, International Institute for Strategic Studies.

Geoffrey Smith

Will Europe become a party battleground?

The political difficulties that Mrs Thatcher faces in the aftermath of Dublin come from the popularity of the cause she took there. Her Cabinet, her party in Parliament and in the country, her political opponents and non-political opinion in general all agree with her objective of reducing Britain's contribution to the European Community budget.

Enthusiasm for Europe is not one of the more pronounced sentiments in Britain at the moment, and so long as Mrs Thatcher can appear as the national champion battling for the country's rights against its European partners she is likely to be sustained by a strong wind of popular support.

The case for playing this role with such gusto in Dublin and beforehand is that this was the only way of forcing the issue upon the attention of the Community. Only by being as awkward as she was could she demonstrate how seriously she takes this matter.

But by being so ambitious

and relentless in her demands she runs the risk of arousing expectations which she may find it hard to fulfil. For the moment this presents little difficulty. The phase of open conflict has been succeeded by a period of negotiation through diplomatic channels. If this yields an agreement which gives her most of what she is seeking then the only question is the most appropriate way to celebrate her triumph. But one can hardly assume in the light of Dublin that it will be as easy as that.

It is if she has to choose between a compromise that does not get very near her present demands and resorting to obstructive tactics of one kind or another that political difficulties would emerge. When she made her statement on the Dublin summit to the House of Commons on Monday, Labour questions were clearly divided as to whether to sympathize with her for having to deal with the Community or with the Community for having to deal with her. A



Mrs Thatcher: although most Euro-MPs agree with her objectives, there is concern about her tough tactics

number of them compromised and died.

But if the coming months do not produce an outcome that is obviously favourable to Britain it will be much easier for Labour anti-marketiers to commit the United Kingdom out of the Community.

To some extent that will depend upon what happens in the struggle for power within the party because most Labour friends of the Community are to be found on the right-wing. But it is also true that the result of the party battle may be affected by whether Europe again becomes a major political issue in Britain: one of the reasons why Labour right-wingers fared badly when the party was last in opposition

was that they incurred the odium of fighting for the unpopular cause within Labour circles, of EEC membership.

If now there is no early resolution of the dispute between Britain and the Community that will be a boon to Labour simply at the expense of the Community. It is a compromise that Mrs Thatcher is happy to settle for, that might still give them a propaganda advantage if they were able to attract the agreement of the Conservative Prime Minister had previously said was essential for Britain.

If Labour were to become an outright anti-European party, that would be a disaster for Mrs Thatcher and most Conservatives because they have been insisting that

the present row must not lead to a British withdrawal from the Community. With Labour committed to such a course there would obviously be a strong possibility that Britain would come out at some time or other.

But Mrs Thatcher's principal preoccupation, as with any political leader, must be with the expectations aroused among her own followers and the public at large. Before the Dublin summit, voices were raised around the Cabinet warning against the danger of jeopardizing the prize of a united western Europe for the sake of a saving that would be of more transitory importance. In some ministerial minds there might even be a preference, if it came to the point, for economizing on the defence budget—in other words, not making the proposed increases—rather than getting into a bitter battle with the Community.

Mrs Thatcher unquestionably has full Cabinet support but simply at the expense of the Community. There are some members who would be unhappy if the threats of possible obstruction had to be put into practice. Others would have the line of the Community as an infringement of Community law. One hears it said at various levels that at a time when there are formidable economic and international problems ahead it would be unwise to become involved in an internal Community squabble.

Such attitudes are to be found more in the Government than on the back benches, and more on the back benches than in the party in the country. Conservative Euro MPs in general agree with Mrs Thatcher's objective while being somewhat sceptical about the tactics employed. They would not wish to see the battle taken too far. But as yet they do not have any great influence either within the party or with the general public.

The Conservative Party at large and public opinion in general would appear ready to back Mrs Thatcher wholeheartedly in her campaign. That is both a negotiating advantage and a possible political handicap. It would enable her to characterize her Community partners with tough action all the more convincingly because she would be sure of popular support.

But the expectations aroused may be higher than she can meet without resorting to measures that would cause anxiety to some of her colleagues. It might take a highly skilled exercise in public presentation to make the ultimate compromise seem consistent with her original demands. When does half a loaf become indistinguishable from a whole one?

Mrs Thatcher's tactics have succeeded in placing Britain's budget contribution right at the top of the Community agenda. But, in domestic political terms, it is the easy part of her European campaign that is now over.

BERLIN DIARY

On the edge of the technological revolution

West Germany's Social Democrats have seen the future and begged for it. In a West Berlin suburb, in shape it is something like a metallic London tube train which, like Alice in Wonderland has unexpectedly grown and got stuck in a locomotive shed.

Inside it is like some vast space station. The feeling of having entered the year 2000 is heightened by a sculpture of fluorescent tubes, which from one level looks all the world like an atomic reactor.

All over the building are red or blue neon lights shaped like spectacles. Their purpose, although not always obvious to bewildered participants, is to mark routes through the building but the immediate impression is that some short-sighted Big Brother is watching you. The size of the place alone is almost impossible to comprehend. The 600,000 cubic metre aluminium colossus—supported by 57,000 kilometres of steel rods and 3,000 railway wagons full of reinforced concrete—contains 80 conference halls and meeting rooms.

The vast main hall seats 5,000, and is so skillfully tiered and arranged—it was done by computers—that even people only five feet high have an uninterrupted view of the stage from any seat in the room. All

that is needed, from the press seats at the back are binoculars to identify the dots which are the social democratic leaders speaking in the far distance. Each seat has been specially designed to allow the human posterior to withstand long sessions. It has a comfortable desk with a light, ashtray and eight language simultaneous translations. The electronically aided acoustics are superb and can be adjusted to suit speaking or music.

Air-conditioned nightmare? But while the delegates are urging greater efforts to save energy, 50,000 lights, 60 air-conditioning units and countless other devices are consuming millions of watts of electricity all produced from primary materials which have to be brought in to Berlin by train or barge.

The nerve centre of the place is a kind of glass train compartment on the ground floor where engineers watch banks of television screens and flashing lights and teleprinters chatter out strange formulae. A complex computer system is keeping them informed of any breakdown throughout the building whether cables, pumps, lights or escalators, so they can direct squads of workmen to the spot. It gives them half-hourly reports on air temperature in the various rooms while the

television screens enable them by changing overhead signs or dispatching ushers, to loosen any jam lag of delegates in the corridors.

The ICC is a paradise for engineers and technicians. "There is nothing quite like it anywhere else" one engineer said. But he admitted that it had reached the "outside edge" of technology.

The computer, he said, knows

better than he. If it is given a wrong instruction it rejects it. "It won't let me make a mistake," he said. An eerie thought: the ICC is designed so that participants are cut off from the outside world in a hushed windowless "inner sanctum" atmosphere. Soundproofed, air-conditioned and carpeted, it is extremely comfortable.

Heavy demand for aspirins

So why after two hours was this not normally hysterical correspondent seized with an irresistible desire to rush outside and see the sky albeit leaden, and breathe the air, however polluted, of the city? Why is there an irrational feeling of groups of men—rather than of women—being cut off from the outside world in a hushed windowless "inner sanctum" atmosphere. Soundproofed, air-conditioned and carpeted, it is extremely comfortable.

At least one human characteristic—a bloodstream. A modern sculpture in blue and red neon lighting represents veins and arteries running between the ears and central control console—conceived as the heart of the ICC—to a round mass of neon lighting, supposed to represent a brain then up and out through the various levels of the building.

The neon signs on one side of the building are blue, on the other side red.

Blackroom ladies usher delegates and foreign visitors when I asked what they thought of the building all used the same word—crazy. But the centre is not the work of madmen. It is a carefully-planned enterprise initiated by the Berlin Government to cater to the world's constantly growing need to discuss in ever vaster numbers, every subject from religion to diseases in small white halls. Already virtually booked up for years ahead it will bring money and, even more important, people to isolated west Berlin and thus strengthen its ties with the outside world.

As far as current political issues are concerned, however, the scruffy youngsters from the "green" environmentalists groups who hand "small is beautiful" and "men before machines" leaflets to delegates as the door need not have bothered. The message was present at the conference every minute of the week.

Patricia Clough

Persuading the EEC to keep helping it's poor

One little reported event at the Dublin summit meeting was an attempt to put pressure on the EEC heads of state to ensure that the European anti-poverty programme continues beyond 1984. In London last weekend, representatives of the British projects mounted under the programme, with representatives from Ireland, Germany and Belgium, decided to establish British and European lobbies for the programme.

The alarm felt by those involved in what was intended to be an attempt to define poverty throughout the Community and find new ways of alleviating it, is justified. The German Government is hostile to continuation of the programme, which will have cost the Community £10 million over five years when it ends in November 1980.

Even more important, the British attitude is unknown and will depend on Mrs Thatcher's attempt to reduce Britain's Community budget payments. Britain was the most enthusiastic supporter of the anti-poverty programme in 1977 when the Council of Ministers decided to extend it to 1980. If her support is now withdrawn, the future for the programme is bleak.

Britain's attitude will depend on Mrs Thatcher's attempt to reduce our payments

The European Commission is aware that it may be difficult to persuade the Council of Ministers that work already under way may be wasted unless a new anti-poverty programme is agreed. The commission has already approved in principle an interim programme for 1981-82 to keep things going while the Council of Ministers deliberates over a successor.

A seminar organised by the Commission in Brussels last month, participants stressed the need to publicize and publicize the entire programme, and suggested that should include the organisation of a "poor lobby" as well as a study to find ways of destroying the "vicious circle" of poverty.

There is no doubt that a European poverty programme has purpose. One of the two cross-national studies financed entirely by the Commission concluded that while only 8 per cent of the Community's citizens classify themselves as poor, more than a quarter felt their incomes are less than "absolutely necessary for people in their situation". With that proportion feeling themselves hard pressed, it is not surprising that 54 per cent feel public authorities are not doing enough to help the poor.

The definition of poverty used by the programme is that coined by Professor Peter Townsend, of Essex University, for an earlier study of poverty in Britain. Individuals or families are in poverty when they have a command of resources so deficient that they are excluded from ordinary living patterns, customs and activities of the member state in which they live.

The pilot projects were expected to meet four broad criteria: they would test new methods; have the potential to be extended into wider programmes; include systematic programming, reporting and analysis of the project's im-

port, and involve poor people themselves. Thus in Britain the projects set up encompassed a regional representation unit in Wolverhampton; centres in Wales, Glasgow and London; and welfare rights projects in Northern Ireland.

One of the most successful British projects is the family groups scheme set up by the London Voluntary Service Council (formerly the London Council of Social Service) to help mothers under stress to overcome the isolation of their poverty. The groups have worked so well that the LVSC has set up a family group unit, which it hopes will become an independent agency within three years.

The scheme set up four family groups each in two contrasting London areas: the deprived inner borough of Hackney, and the more affluent and mixed outer borough of Croydon. Two of the groups founded; one because it did not attract enough support, the other because the leader rapidly became overworked. But the six that continued demonstrated that isolated young mothers who use few community facilities can be helped to participate in the life of their neighbourhoods and offer each other support.

By the end of the first year, the proportion of mothers in the project with no close friends was nearly halved. So was the proportion who previously never left their homes except for essentials, such as shopping. The women began to offer each other help, for example, with baby-sitting; some began to take action to resolve their own difficulties, such as living in unsuitable housing; others found part-time jobs.

Those activities would not have taken place but for the existence of the family groups; whose leaders were drawn from local housewives and mothers who spoke the same language and shared the same values as themselves. The groups were based on practical activities, like dressmaking and playgroups; were run beside the adult activities.

A comprehensive report on the project, published last week (Family Groups in the Community, by Barry Knight, Michael Gibson and Simone Grant; London: Voluntary Service Council, £3.50), concluded that informal neighbourhood care and support are available in communities. Society fails to encourage them, so they lie dormant, but it is fairly easy to find ways to awaken them, the report said.

That kind of project is likely to continue, given the commitment of LVSC to a new unit to promote them and the response from outside bodies. Croydon adult education department is now working on developing family groups throughout the borough; two more groups have been set up in Hackney, again by the adult education department.

A campaign to recruit all over London for LVSC for help to set up new ones.

But the future of other groups, like the Gingerbread play centre for lone parents in Croydon and the Craigmillar Festival Society in Edinburgh, is uncertain unless the EEC support continues. The second report on the programme, published in October, pointed out that the usefulness of such projects depended on the will of governments and the European Community to act on their results and to commit much more substantial resources in the long term than is involved in the pilot projects.

Pat Healy
Social Services Correspondent

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HERR SCHMIDT RIDES HIGH

West Germany is now heading into one of the most interesting election campaigns in its brief history of existence. Polling day is not until next autumn but campaigning has already begun and will increasingly influence the tone and substance of German politics. There are two reasons why this election is different. First there is the emergence of the "green" parties, an uneasy alliance of right, left and centre making common cause against nuclear energy and various threats to the quality of life. Whether extremely conservative conservatives can work for long in harness with members of the German Communist Party remains to be seen, but if local elections are any guide, which is doubtful at this stage, the "greens" are within distant reach of taking enough votes from the governing coalition to put the Christian Democrats in power.

The second novelty is that the Christian Democrats are going into battle under the much-disputed leadership of Herr Strauss, whose early Bavarian personality will itself be one of the main issues in the campaign. Herr Schmidt, the Chancellor, calls him "unberechenbar" which is a stronger word than unpredictable and conveys an unsettling impression of unreliability. He accuses Herr Strauss of national egoism and reminds people that he voted against the eastern treaties, which now have wide public support as the basis for better

relations with East Germany and the Soviet Union. In contrast he offers a cool, steady and experienced hand on the helm of the ship of state as it moves into the turbulent waters of the eighties. Party roles have been reversed since the days when Dr Adenauer led the Christian Democrats to victory with the slogan "no experiments", but the German desire for security probably remains constant.

At the moment it looks as if Herr Schmidt can hardly fail to win unless there is some unexpected crisis or a startling surge of support for the "greens". He is very strong in the country, and at the Social Democratic Party Congress this week his authority within his own party was demonstrated beyond doubt. He gave a first class speech, intelligent and confident, and he won comfortable support on two particularly difficult and divisive issues—the modernization of the nuclear energy programme.

The first was easier because even the left wing see the need for a balance of power in Europe and because in any case modernization is to go hand in hand with renewed efforts to negotiate limits with the Russians. The problem of civilian nuclear energy cuts more deeply into national and party debates and into areas of concern already occupied by the "greens". With typical confidence, however, Herr Schmidt turned this to advantage by welcoming the lively debate

and pointing to the absence of it among the Christian Democrats.

It is certainly true that the Social Democrats have conducted their debate on a high level of intelligence and responsibility, but Herr Schmidt has not been seriously threatened because the left-wing opposition to him is now wholly divorced from the trade unions, who follow him in believing that jobs require growth and growth requires nuclear energy. They also prefer him to remain in power and are aware that what drives the left is to a great extent restlessness with the compromises imposed by the responsibilities of government, the constraints of coalition, and the majority which the Christian Democrats now have in the upper house. Some of the left wing, as in other countries, might feel happier in opposition and in closer alignment with the "greens" but so far the signs are that the approach of polling day will greatly concentrate their minds on victory. Herr Strauss is so deeply hated on the left that his challenge could almost relieve Herr Schmidt of the need to do much about party unity. And even many northern Christian Democrats are going to need a great deal of persuading to vote for a Bavarian they have never liked or trusted. A victory for Herr Strauss would represent a very sharp shift in the whole centre of gravity of West German politics, which have been dominated until now by the cooler traditions of the Rhineland and the north.

INDIA'S DISJOINTED ELECTION

Much used to be said in the fifties and sixties about India's possessing the world's largest democratic electorate. While the Congress Party ruled with Nehru at its head this statement could not be contested but it had very little meaning. After Nehru's death in 1964, followed by the short interlude of Shastri's ministry, it was Mrs Gandhi who then succeeded to the leadership and the apparent stability of Congress Party rule. With the Congress split of 1969, from which Mrs Gandhi emerged triumphant while Mr Desai and the old guard lost, the Nehru tradition seemed even more firmly established.

Mrs Gandhi's triumph in 1971 must have confirmed her belief in the rightfulness of her power, so much so that in 1975 she found it possible to declare a state of emergency, confident that she could carry with her the Indian masses and in the process lay the foundations in economic rather than political benefits that would ensure her return to office when the time came to put an end to the emergency. Yet in 1977 she was surprised and disappointed. The Indian electorate's answer could not have been more decisive, with Mrs Gandhi even losing her own seat. Whatever doubts had existed before, the world's largest democratic electorate had made its mark.

THE LIMITS OF

Two judges of the Court of Appeal came to the conclusion that a consultant obstetrician was not negligent in delivering a baby who was found to have severe and irreversible brain damage. Two other judges—the trial judge and the dissenting voice in the Court of Appeal—took the view that the doctor was negligent. The result of that division of opinion was that the child's brave and devoted mother, instead of having an award of £100,000 with which to look after her son for the rest of his life, will now be limited to whatever inadequate social security benefits may be available. It is a chancy fair way of deciding the fate of a child with such appalling handicaps.

Lord Denning made it clear that he was worried about the consequences of applying too lax a test of negligence to professional medical conduct. In the United States, the volume of litigation involving allegations of medical malpractice, and the huge damages awarded by juries in successful cases, have resulted in contented insurance com-

PROFESSIONAL NEGLIGENCE

panies and a new breed of doctor whose main objective often appears to be avoiding a law-suit rather than securing the best interests of the patient.

Lord Denning is right to resist a move in that direction in this country, and to insist on the strict application of the principles of negligence. The result, however, demonstrates the hazard implicit in founding compensation, especially for very severe injuries, only on the concept of negligence. The advantage of the system is that the perpetrator of a wrong pays the compensation although, in practice, it is the insurance companies who pay. The disadvantage is that there is a substantial element of chance in the working of the law and justice does not always follow those with the worst cases.

Lord Justice Lawton, although finding the obstetrician not negligent, suggested that "victims of medical mishaps of the present kind should be cared for by the community, not by the hazards of litigation." That is

in line with a recommendation of the Royal Commission on Civil Liability that all severely handicapped children should be treated in the same way no matter what the cause of their handicap. A child injured in a motor accident, a victim of chlamydia, a baby born retarded because his mother had German measles or because the obstetrician was negligent, and a child whose disabilities could not be attributed to any particular cause, would all be cared for according to need and not, as under the existing law, according to whether or not they had the good fortune to be able to put the blame for their injuries on to someone else. That compassionate approach would require central funding, but the amounts involved would not be excessive. Removing such cases from the field of legal negligence would not leave medical incompetence to flourish unchecked, since the appropriate professional bodies would still retain control over their members.

Churches and VAT

From Mr D. F. Sweeting and Canon Charles B. Pickthorn

Sir, We strongly support Comptroller Buckley's letter (November 30), advocating the removal of VAT on the maintenance and repair of churches.

It so happens that, in this Deanery of Stour, a large proportion of our beautiful and historic churches are in need of extensive repairs to roof and tower. This will almost certainly amount to well over £100,000 and, as it is today, a further £15,000 will be required for VAT.

Surely it would be in the national interest to help preserve this historic and living inheritance of past ages by zero rating repairs on places of worship. New houses and new churches are zero rated. Why not the repair of these priceless treasures? Yours faithfully, D. F. SWEETING, CHARLES B. PICKTHORN, Joint Chairmen, Stour Deanery Synod, Little Wymondley, Gloucestershire.

Replacing curative medicine

From Mr Donald Gould

Sir, Your medical correspondent, Dr Tony Smith (article, November 28) used a number of specious arguments in arriving at the conclusion that transplant operations should now have been accepted simply as a routine part of current medical practice.

The fact, for example, that "a patient with kidney failure treated by dialysis and transplantation has a better chance of surviving five years than has a woman having an operation for breast cancer—and a far better chance than someone treated for lung cancer" is a poor reason for halting transplants as the proper answer to mortal heart, kidney, and liver diseases. It might be better used for supporting the suggestion that the victims of breast cancer and lung cancer ought to be spared the ordeal of painful and crippling operations which have such a poor chance of success.

Those of us who regard heart, liver, and kidney transplants as bad medicine do so not on the grounds that "surgeons are squandering scarce resources on a treatment that should be regarded as experimental" but because of a recognition of the fact that spare surgery of this kind can never make any significant impact upon the toll of premature deaths exacted by disease.

Some transplants (such as corneal grafts and blood transfusions) are well worthwhile because all who need them can be served and greatly benefited thereby. But even if the rejection problem could be solved, and even if later it will be, so that heart and kidney transplants (for example) became routinely successful, no community could possibly produce or afford to provide skilled nurses and doctors, or hospital working conditions, that could serve more than a tiny fraction of the patients whose lives might be salvaged (for a time, at least) by such procedures.

Curative medicine is an outdated concept. It is a folly to employ medical cure of our finite funds and resources to replace what ever more costly and elaborate efforts aimed at patching up bodies already gravely damaged by disease, when there are good grounds for believing that a little more energy, money and intelligence, spent in the right direction, could find the means for preventing much of that damage ever happening in the first place.

Yours, etc., DONALD GOULD, 15 Waterbeach Road, Cambridge, November 29.

Pay talks at British Steel

From Dr David Grieve

Sir, It is unfortunate that your leader article "When the cupboard is bare" (December 5) misses considerations essential to any assessment of the British Steel Corporation's approach to its national pay negotiations this year. The 2 per cent extra cost arose from a commitment in our last round of negotiations to consider basic rates this year the Phase II incomes policy supplements. Earlier this year union-management working parties considered how this could best be done and the corporation's approach was based on these working parties' findings.

You are correct in your basic premise: £24 million (the cost of consolidation) is that much more than the Corporation can afford in its present financial situation, but we have no doubt that, indeed, deserved criticism had we gone back on the commitment to consolidate.

The Corporation's management and trade unions have, during the past two years, agreed to the closure of our plant in Scotland, negotiated agreements covering the commissioning of major new items of plant, eg, the Redcar blast-furnace. But overall, we have failed to make any significant progress in streamlining our working arrangements at our existing works.

The solution proposed in your leader is in fact the main plank of our offer, in that we are proposing that we should depart from the traditional approach of a national pay award and reach an enabling agreement to allow a works or a division to earn local increases up to a further 10 per cent where these could be justified by improved financial performance.

We feel that works' costs must become more competitive and that it is only at works level that the improvements can take place and where the interests of the Corporation and its employees can be seen as identical. Comparisons with our sister industry, coal, are not really helpful. The Corporation has always had to live in the world of international competition and all its customers at free will import if they wish. That we have held on to our market share over the past two difficult years indicates the effort applied to that problem. But in the present circumstances we cannot pass on cost increases arising from wage awards. To do so would quickly reduce our market share.

We believe that there is scope to allow increased earnings to flow from the acceptance by our unions of changes which will allow the increased productivity so vital to the continued survival of our business. Yours faithfully, D. GRIEVES, Managing Director, Personnel and Social Policy, British Steel Corporation, 33 Grosvenor Place, SW1.

Wolfgang Amadeus Losey

From Mr Edwin Noble

Sir, This may be only poetic justice. How often does one hear of Mozart's Marriage of Figaro without any reference to Beaumarchais? Yours faithfully, EDWIN NOBLE, 83 South Drive, Chertsey, Surrey, December 2.

LETTERS TO THE EDITOR

A role for Britain in Iran

From Mr Peter Temple-Morris, MP for Leominster (Conservative)

Sir, What is happening in Iran is of such vital importance that we must get beyond the immediate past, the Shah's wealth, the role of the Americans at particular times and so on. The Middle East is becoming dangerously destabilised for a number of reasons including Western inaction; a too simple belief that the Egyptian records will solve the problem; and the fact that the Shah is not, in fact, Iran itself.

Its importance now is that the gathering struggle for control of that country can, in a very real sense, decide the future of its neighbours and with that the major oil sources of the free world.

For all the revolutionary therapy and threat of tragedy being enacted at the US Embassy in Tehran, Iran is very near complete lack of achievement since the February Revolution was the main reason for the Embassy siege in the first place. High unemployment, inflation, the high cost of food and essentials and the enforced inactivity of trained personnel, all point to deep problems that won't go away. Splits in the leadership were only too visible before the Embassy occupation and to the extent that they are regional they reappeared very vividly during the recent referendum. In this atmosphere the left wing is undoubtedly working with the Revolution. This goes from the Tudeh Party itself to left-wing members of the Revolutionary Council.

Whilst it may be primitive, the Ayatollah's leadership is neither decisive nor intelligent. The outcome will be decided by whoever is around to pick up the pieces. This all adds up to the fact that time could be more limited than we think. The answer must be provided by the many Iranians outside and inside the country who want to see change, preferably change giving some chance of an eventual modern democratic state.

However, not untypically, Iranian opposition to the Ayatollah is divided within itself. Perhaps the only thing that will unite them at the time right now is a common Western right and also declaration of attitude towards the Khomeini regime.

With so much anti-American feeling being whipped up, some of which will stick, Britain very much has to be seen to be on the side without an element of truth, that the BBC Overseas Service brought down the Shah. Whilst that service will continue to tell the truth, it can but report and comment on the attitudes of people and governments.

The time is fast approaching when we will have to cease rubbing our hands in horror at what is going on, as well as making vague murmurs about the importance of our trade with Iran.

Whilst I do not advocate that we should be doing anything we are not, I do suggest we must be both

A suitable case for treatment

From Dr Jean Curtis-Raleigh

Sir, What does one make of this fact of the Charing Cross Hospital dispute? A request for a certificate to strike?

My patient, a vulnerable man with genuine anxieties, was well enough to work; striking, however, involved picketing and picketing produced unaccustomed stress which was making him ill. He had no idea of the issues which had led to the strike or why it was continuing, but if he didn't turn up for picket duty he was in trouble: could he have a certificate?

Logic seemed to point to a certificate saying that the patient, while fit for work, was unfit to strike. This seems well in tune with the lunacy of the dispute which gave rise to the problem. Yours faithfully, JEAN CURTIS-RALEIGH, 5 St Peter's Square, W6, November 30.

From Lord Onslow

Sir, During the dispute at the Charing Cross Hospital there has been justified condemnation of the pickets stopping the arrival of heating oil. Why has this condemnation not been extended to the tanker drivers, who could easily have crossed those lines, and also presumably the Transport and General Workers' Union for not instructing their members to do so.

The dispute was unofficial and, against the advice of the strikers' own union, and thus could not have led to inter-union squabbles.

I have the honour to be Sir, your humble and obedient servant, ONSLOW, House of Lords, November 29.

Gladstone's return

From Dr H. C. G. Matthew

Sir, The Duke of Buccleuch writes (November 29) that there is no evidence for the claim that Gladstone (November 24) that his ancestor's tenets faced eviction if they did not vote for his son, the Earl of Dalkeith, Tory candidate in Midlothian in the 1880 election, and the Duke adds that the tenantry was then baronious. Historians are not altogether in agreement with his Grace, though specific threats of eviction were usually covert and difficult to trace. Historians have stressed intimidation to obtain pledges, rather than actual violence.

Professor Trevor Lloyd, in his authoritative study *The General Election of 1880* (1968) concludes: "it is obvious that some people had been bullied into promising to vote for Dalkeith." and Professor Kelly, in his *Victorian Studies*, volume IV, refers to "pledges secured from Midlothian electors, many of them from his [Buccleuch's] feuars, whose leases were for very strict terms".

This pressure doubtless involved threats of rent increases and, very probably, eviction. Professor Kelly notes that when Dalkeith was defeated as a result of pledges forsworn in the secrecy of the ballot booth.

"The feuars on his estates burned bonfires and danced exultantly." and evidence of tenants devoted to their lord.

It was an unhappy election for Dalkeith, who was misled by his advisors. *The Times* commented on his behaviour in a neighbouring constituency (April 13, 1880): "The Earl's conduct is held to have been unpardonable, and very hard things are being said about him by his political friends."

So do not think his Grace is fair in stating that Dr Bradley has slandered the family. On the other hand, I do not know that any tenants known to have defected from their pledges were actually evicted. The distinctive feature of the campaign, however, was not bullying by the dominant landlord—a normal enough feature in Victorian county elections—but rather the Tories' systematic manufacturing of forged votes, a technical manoeuvre considered discredited by its failure to secure Dalkeith's election.

Yours faithfully, H. C. G. MATTHEW, Editor, *The Gladstone Diaries*, 107 Southmoor Road, Oxford.

Answering Vatican charges

From Mrs Katherine M. Theobald

Sir, Does the Vatican have, in principle, the right to condemn error? It is vital that those who take part in the public outcry in defence of Schillebeeckx should make clear their position as regards this question. If the answer is "no" then any attempt to justify a particular stance as a description of the rule of court without more ado. If, on the other hand, the answer is "yes" then an attempt to justify that which is condemned must be made on particular grounds and cannot be argued from principle.

The distinguished signatories of the letter published on December 1 do not concern themselves directly either with this underlying principle or with the particularities of the case they set out to defend. They talk in all of theological responsibility; of threats to freedom and fundamental human rights. They hold, it seems, that theologians must, at whatever cost, be protected from the Congregation for the Doctrine in Rome whose careful and conscientious examination of the man and his works and subsequent condemnation if error is found, is spoken of in terms which would be entirely suitable as a description of an enforced trial in Russia, backed by the KGB, with the prospect of a "tender" in view.

This dubious verbal extravagance does not altogether recommend the cause for which there are "collisions and contrasts" such as sophisticated exaggerations tend to be (as Cardinal Newman also noted) the part of men who are alarmed for their own post no. And indeed it is difficult to see how a Catholic theologian's right to deny the truth of the church's teaching can reasonably be upheld at the expense of the church's right to deny the truth of his, after all it is he who has chosen the church, not the church who has chosen him. As an uncommitted theologian, he would be free to write and publish whatever he pleased, but if he insists on speaking publicly in the name of the church how, other than by condemning them, can the church dissociate itself from those ideas of his which it regards as erroneous? Or is the church to have no official voice of its own?

Perhaps these further questions can be answered, but in any case it is devoutly to be hoped that, in these columns at least, those who take up arms against the Vatican should not just identify the enemy and take pot shots at him, but also to define the ground upon which they are fighting. Unless this is done the ensuing debate is likely to be about as satisfactory as a game

of tennis played on more than one court at once—a great deal of buffing and puffing but very little chance of actually hitting the ball. Yours faithfully, KATHERINE THEOBALD, The Old House, Westfield College, Hampstead, NW3, December 3.

From Miss Bernadette Dorr and Mr Malcolm Heath

Sir, The current controversy regarding the work of Professor Schillebeeckx seems to have revealed a disturbing confusion of theology with catechetics. The theologian puts forward his thoughts, not as revealed truth, nor even as a reformulation of revealed truth, but as a critical and reflective attempt to understand revelation against the background of history and Christian experience.

Necessarily, this work is often exploratory and provisional (the book in question describes itself as an "experiment"); and only if it is allowed consensually to question and reassess the dogmatic tradition can such exploration be of value. That this holds true quite irrespective of any question concerning the ultimate revisability of doctrinal definitions is clear from the history of theology, even mistaken views and misguided questions have often provided a salutary stimulus to the development of orthodox theological understanding.

Any action which denies to the theologian his freedom to pose questions in a more radical way than would be appropriate in a pastoral context must ultimately cast doubt on the legitimacy of theological study as such. It would indeed be strange were the Church to hinder the understanding of the truths she proclaims; can she not be content to apply, in faith, the text of Gamaliel? Yours faithfully, BERNADETTE DORR, MALCOLM HEATH, Wadham College, Oxford, December 5.

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\$219.05 up 1.20

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\$433 an ounce up 66

3-month money

Inter-bank 16 1/2 to 16 3/4

Euro \$14 to 14 1/2

IN BRIEF

Method for allocating oil blocks may be changed

The Department of Energy is to hold talks with oil companies over possible changes in the method of allocating offshore blocks, including a possible auction method.

A department spokesman said changes in the current allocation system, where low rents were charged for new blocks, could be agreed before the end of the year. The current system, which has been in place since 1971, has been criticised for being too inflexible.

New blocks have so far been allocated at government discretion at a rent of £100 a square kilometre covering the initial four years and £150 for a further three years, apart from a small experimental auction in 1971-72.

Gold buyers

Johnson Matthey and Samuel Montagu, of London, were among the 15 successful bidders at the IMF's monthly gold auction. The IMF sold 444,000 ounces at a record average price of \$426.37 an ounce.

Record car sales

Estimates by the Society of Motor Manufacturers and Traders show that new car registrations for December will be around 65,000, putting the final figure for 1979 at 1,715,000, the highest since 1973. The Department of Industry said that car production in Britain last month was 84,000 units, the highest monthly total since June.

Meccano work-in

Workers occupying the Meccano and Dinky factories in Liverpool after the company's closure decision last week intend to resume full production today. Shop steward Mr Dave Lynch said: "We estimate there are about three months supply of raw materials. We want to show that our people are not only willing to work but can achieve good productivity."

ITT jobs to go

International Telephone and Telegraph (ITT) announced that it is reorganizing its manufacturing activities in Britain with a loss of 400 jobs.

Joseph Parks stake

In the first joint investment of the National Coal Board, Pension Funds and Midland Industrial Investments, the two groups have each taken a 47.5 per cent stake in Joseph Parks, a subsidiary of Chamberlain Group, which was taken over by an American company earlier this year.

Gold price soars

The price of gold leapt by \$6 an ounce yesterday to close at \$433. Although the closing price, gold traded at higher levels at the end of October. The dollar dropped back slightly against most currencies.

GEC shares down

Shares in General Electric Company fell 15p to 318p yesterday after the group's half year figures showed a fall in profits from £162.9m to £155.2m. Profits from the group's engineering, industrial and component divisions were badly damaged by strikes.

Belgian workers out

The Belgian Socialist Trade Union Federation has called for a 24-hour strike on Friday in protest at the refusal of demands for a shorter working week to reduce unemployment. The strike is expected to paralyse the public transport system and affect major industries.

US drums up EEC support for Iran 'money war'

By Peter Norman and Caroline Atkinson

Teams of United States Treasury officials yesterday visited European capitals to drum up support from EEC members for America's money war with Iran.

A high-level mission to Bonn led by Mr Richard Cooper, the under-secretary of state for economic affairs, and Mr Anthony Solomon, under-secretary of the treasury responsible for international monetary affairs, apparently to discuss what sort of backing the Germans might give to America. The team sought to defuse anger felt in Germany after last week's move by the Morgan Guaranty Trust Company attaching Iran's government holdings in Krupp and Deutsche Babcock AG.

They met Herr Manfred Lehmann, the state secretary, at the Finance Ministry, Herr Hans Dietrich Genscher, the foreign minister, and Otto Graf Lambsdorff, the economics minister. They also met Herr Hans Eichel, the finance minister, who is attending the Social Democratic party conference in the city.

They were concerned that a wedge might be driven between Europe and America if Iran continued to trade normally with the EEC. Such trading, they argued, was enabling Iran to withstand economic sanctions imposed by the United States and set a dangerous example to other oil-producing states such as Libya.

According to the Americans, the attachments made against the Iranian assets in Krupp and Babcock, which led to an outcry in West Germany, were necessary as the assets, unlike many Iranian deposits in the United States banks, were clearly the property of the state.

It was not immediately clear how the Germans responded. However, the West German government has shown some solidarity by advising its oil industry not to buy any surplus Iranian oil coming on the market as a result of President Carter's decision to halt imports. Other European countries are believed to be taking this line.

The Germans are worried that American banks might be acting too hastily against Iran, and be likely to disqualify themselves from the "recycling" of Opec petrodollars.

This attitude reflects a growing West German anxiety about the use of the mark as a reserve currency. It is feared that the American measures blocking Iranian funds in United States bank accounts are likely to lead to other oil producers diversifying out of dollars and into hard currencies such as the mark and the Swiss franc.

Foreign central banks already hold about 50,000 marks in reserve funds in United States banks. This increased use of the mark as a reserve asset is seen as a threat to West Germany's ability to conduct its own economic and monetary policies.

In Britain the United States officials had talks with Lord Carrington, the Foreign Secretary, Sir Geoffrey Howe, the Chancellor, and the Governor of the Bank of England. There were two separate sessions, one with the Foreign Secretary and Governor, and the other with the Chancellor and Governor. The Americans flew out of London after the talks, probably on their way to Paris and then home.

Officials refused to comment on the talks other than to confirm that they were about Iran. The London team was headed by Mr Robert Carswell, deputy

secretary of the United States Treasury. Mr Robert Mundheim, general counsel of the treasury, and Mr George Vest, assistant secretary of state for European affairs.

The presence of Mr Mundheim, the American Treasury's chief legal adviser, suggests that the many suits now under way in London were high on the agenda. It is extremely unlikely that the British Government would be willing to take a stand on the legality of the seizure of Iranian assets in some London branches of United States banks. Britain does not want to be drawn further into the money war and has insisted it is a matter for the courts.

Mr Solomon and Mr Cooper are expected to visit Switzerland tomorrow.

The Iranian issue and the impact of the money war on financial markets is also likely to be discussed informally by Western central bankers at their regular monthly meeting in Basel next week.

The Bank of England is trying to find out whether it is itself affected by the latest legal developments—the injunction obtained by Chemical Bank which freezes all Iran's official assets in London.

Dollar damage, page 19

America renews efforts to cut dependence on oil imports

From Frank Vogt, Washington, Dec 6

The Carter Administration today announced plans to cut domestic oil consumption. At an international conference in Paris next week, United States officials will pledge to "secure lower overall American oil imports in 1980."

The political situation in Iran has increased the urgency of efforts here to make the United States less dependent on foreign oil. Mr Charles Duncan, Secretary of Energy, gave a warning today that the global "supply-demand situation for oil is very tense and the time for action is now."

He announced plans to limit United States petrol consumption for most of 1980 to seven million barrels a day and to limit consumption in the first quarter of next year (the first quarter usually sees lower consumption) to 6.8 million barrels per day.

Severe petrol shortages here this year have cut consumption to around 7 million barrels, but the level had been expected to rise. The new targets announced today represent more than a 5 per cent reduction on 1978 petrol consumption.

Further energy conservation measures are likely from the White House. Mr Duncan said the new petrol consumption

limits were voluntary, but could become mandatory. He gave a warning several times at a press conference that it was vital for the United States to prepare right now for the prospect of oil supply interruptions.

It is the fear of a total breakdown in Iranian oil output, so depriving global production of at least 2 million barrels a day, that is influencing new energy policy decisions. The Administration is about to announce plans for new emergency petrol rationing that could be activated if the Persian Gulf is cut off. Oil supplies falling by 20 per cent within any set given period.

Mr Duncan estimated the present average oil output by members of the Organisation of Petroleum Exporting Countries at roughly 31.5 million barrels and he said he expected 1980 production to be lower. He will be leading the United States delegation to next week's international Energy Agency conference in Paris.

Well-placed sources said they were now becoming deeply concerned about the Paris meeting. They said that some industrial nations appeared to be reluctant now to agree to substantial energy conservation targets. Britain and Germany, in particular, seemed to be proving difficult.

The United States is currently bound by international agreements to limit 1980 imports to 8.5 million barrels a day, but given the recession here there is every chance that actual imports will be far below this level. The United States could, in fact, pledge to secure a 7.5 million barrel a day limit, but it would not be a useful gesture.

There is a danger that the Paris meeting will end in bitter and heated arguments between the main oil importing nations. Some Americans appear to be concerned about the swiftness with which the Japanese rushed to take over Iranian oil consignments originally due to go to the United States and the willingness of the Japanese to pay a premium for Iranian oil.

The Administration hopes that by announcing tough domestic conservation measures, such as the petrol consumption target, it can promote agreement on a 20 and 40 per cent energy conservation and oil stocks and oil demand policies.

Fears of substantial Opec output cuts next year are probably leading to heavy oil inventory building in industrial countries.

Rolls-Royce -Japan engine deal

By Arthur Reed, Air Correspondent

Rolls-Royce is to join forces with three Japanese companies to build a 10-tonne thrust aircraft engine in competition with two American manufacturers, Pratt and Whitney and General Electric.

Rolls will sign the deal, worth \$570m (£257m), with Ishikawajima-Harima Heavy Industries, Mitsubishi Heavy Industries, and Kawasaki Heavy Industries, in both Tokyo and London next week. It will take effect from January 31 and is for 30 years.

The 10-tonne engine will be used by airlines during the 1980s to power new technology airliners with 120-150 seats.

The development cost will be shared equally; the Japanese companies will develop the fan and low-pressure turbine, with Rolls producing the compressor, burner, and high-pressure turbine.

If further engines are developed from the engine, the Japanese companies will sub-contract between 20 and 40 per cent of the work. The four companies expect to build about 1,500 engines in the next 25 years, or about 40 per cent of the expected world demand for engines of this class.

NEB seeks urgent clarification of new state guidelines

By Patricia Tisdall

The newly constituted National Enterprise Board is seeking an urgent meeting with Sir Keith Joseph, Secretary of State for Industry, to discuss the degree of Government control of the NEB contained in guidelines due to be published next week.

Sir Arthur Knight, the new NEB chairman, like his predecessor, is understood to be unhappy about the detailed control of the NEB's affairs envisaged by the Secretary of State.

Sir Arthur, who took over the chairmanship three weeks ago after the resignation of the old board, is expected to object to a clause which empowers the Government to nominate a chief executive—a post left vacant by the resignation of Mr Richard Morris with the other directors.

Protests are also expected if Sir Keith insists on monitoring individual investments or on controlling the NEB's initiative in developing new businesses in

too much detail.

But there is unlikely to be any friction between the new NEB and the Government over responsibility for British Leyland. The Department of Industry confirmed last night that Sir Arthur had already passed on BL's corporate restructuring plan to Sir Keith earlier this week.

Sir Arthur is happy for it to be hammered out between Sir Michael Edwards, BL's chairman, and Sir Keith. It is understood that although individual NEB staff members are liaising informally with the Department of Industry, Sir Arthur and his board have made no comment to the Secretary of State about the plan or its implications.

But the new NEB board is clearly seeking to establish independence at an early stage. Sir Arthur, who considers he has been appointed for his commercial sense, is unlikely to agree to be forced sale of the board's assets.

The Government envisaged

in the last Budget that the NEB would raise about £100m by selling off certain subsidiaries. After a battle the selection and the timing of the sale was left to the discretion of the old board but the hope was that these would be completed in this financial year.

Sir Arthur has taken over in the middle of delicate negotiations for the disposals and is unlikely to take kindly to political exhortations for haste because he would then not obtain the best price.

Similar objections were voiced by Sir Leslie Murphy, Sir Arthur's predecessor, who objected vigorously to the powers of the Industry Bill which enabled the Secretary of State to order disposals.

The new NEB board is not due to have its first full meeting until later this month. Until this has taken place and Sir Arthur has heard reports from his staff he is unlikely to want to decide on conditions of sale.

BSC launches £1,000m reorganization plan

By Peter Hill, Industrial Editor

The formation of a new £1,000 million a year steel business was announced by the British Steel Corporation yesterday in the first phase of a new profit centre. The new organization employs 34,600 workers.

The BSC's River Don works, which will now form part of BSC Holdings, will record a loss this year of about £7.7m, but it is hoped that having secured agreement for 400 redundancies among its 2,500 labour force, new orders and further cost cutting will help the works break even although, a loss of about £2m has been forecast for the next financial year.

The corporation is having joint talks with GKN, its largest single customer, on the need for rationalization in areas where interests overlap. These talks could lead to a joint company which may be opened to public subscription. The new unit will include a commercial department to handle sales of billet, bar and rod, including those produced elsewhere.

In a further reorganization, which will give greater decentralized operations, other activities in the Sheffield area including forging, foundries and engineering, with stainless steel production, are to be grouped under BSC Holdings, which will operate independently of BSC's manufacturing divisions.

The fusion of the Sheffield and Scunthorpe operations has more than an echo of pre-nationalization days when the activities of the companies were controlled by the former United Steel company, also known as the steel strategy mapped out by BSC against the back-

ground of the collapse in demand for steel.

The 30,000 jobs cutback for which the corporation is pressing is bound to affect the new unit. It is hoped that having secured agreement for 400 redundancies among its 2,500 labour force, new orders and further cost cutting will help the works break even although, a loss of about £2m has been forecast for the next financial year.

Peter Norman writes from Brussels: The European Commission yesterday proposed that production of crude steel in the EEC should be limited to 34.5 million tonnes in the first three months of next year—down from the 35.6 million tonnes target agreed with the industry for the current quarter.

For British industry, the Commission is proposing a production level of 5.28 million tonnes, compared with the present quarterly target of 5.57 million tonnes.

The commission gave a warning that accelerating inflation and tight monetary policies were bound to have an impact on steel demand next year.

It forecast that real consumption in the community was likely to fall by 700,000 tonnes to 29.5 million tonnes in the first quarter of 1980. Exports should decline to 7.5 million tonnes from 7.9 million in the final quarter of this year.

Hard talking, page 19

Titanium scheme for Shotton

By Our Industrial Staff

Shotton, in North Wales, has been chosen by the National Enterprise Board as the site for a £25m titanium plant. The site is near the British Steel works where production of iron and steel is being phased out over the next few months, with the loss of 6,500 jobs.

Subject to planning consent, the plant will be built by the NEB in partnership with IMI and Rolls-Royce, and will provide 250 jobs.

Shotton was one of a number of old steel-making sites studied by the NEB, including Corby and Hartlepool. The NEB had earlier considered plans to build on a greenfield site owned by British Steel at Hartlepool.

Sir Keith Joseph, the Secretary of State for Industry, had asked the NEB to replace the Government's stake with private capital. Approval for the NEB to take part has been given, on the understanding that financial responsibility is transferred to the private sector as soon as possible.

The NEB said last night it had received approaches from a number of private investors, and negotiations were continuing.

Titanium, a metal used in the aerospace and other engineering industries, is in short supply both in Britain and overseas. Rolls-Royce wants to secure a supply of titanium. Its present source, from an ICI plant in Teesside, will fail when the plant closes in two years time.

CBI team set for Rhodesia mission

A 10-man team of British industrialists is ready to fly to Zimbabwe-Rhodesia on a "reconnaissance mission" to re-establish trade links.

The team, representing all sectors of industry, was brought together by the Confederation of British Industry, which says that members are now impatiently waiting for a resumption of trading.

Mr Philip Dunkley, chairman of the CBI's Rhodesia committee, said the mission would lay the groundwork for a top-level delegation to visit Rhodesia officials after the election.

More than 150 British companies had a stake in Rhodesia before its declaration of independence, when assets valued at £160m were locked in the country. Most international companies have kept a presence of some sort despite restrictions on access, funding, and dividend remission.

In most cases, operating results from Rhodesian subsidiaries have been excluded from company accounts. Some, like Imperial Group, say operations have been shut down. In other cases Rhodesian activities have expanded.

The Rhodesian offshoot of Turner & Newall, best known for its asbestos activities, spent an estimated £12m on expansion in the 1970s. The company believes the return of these

assets could make a substantial contribution to profits.

The Bulawayo-based activities of Dunlop Rhodesia have also undergone rapid expansion, with the workforce doubling in 20 years to 1,200, and with diversification into floor coverings and light engineering.

National Foods Holdings, in which Spillers has a 25 per cent interest, doubled profits last year. Apart from its holding in the company, Spillers—recently taken over by Delagat—has bread, biscuits, chocolate manufacturing and property interests in Zimbabwe-Rhodesia. The total worth is put at more than £10m.

Lombor has retained substantial mineral, textile and other interests in Zimbabwe-Rhodesia, although it says it has no detailed information.

The CBI said a British company has loyalty and scrupulously observed the law, although they know that other countries have trade missions in Rhodesia. For this reason, there is no great optimism about import and export levels of 15 years ago can be regained quickly.

The Department of Trade, which is advising an increasing number of companies inquiring about trade prospects to wait until all legal obstacles are cleared, expects about £100m of trade in the first full year. Eventually it believes Zimbabwe-Rhodesia could resume its position as third largest market in Africa after Nigeria and South Africa.

Like the CBI, it sees the best export possibilities in engineering equipment, as the country makes a backlog of infrastructure building and renovation.

Transport, mining and agriculture all need re-equipping. Companies such as GEC and Northern Engineering Industries have already expressed an interest in seeking business in these areas. So, too, has Mitchell Cotts, an engineering group, of which Mr Dunkley is executive chairman.

Just as Rhodesia was able to carry on without British goods, so United Kingdom companies have found substitute sources of raw materials. The apartheid Government yesterday was keen to see the prospect of a resumption of trade with Rhodesia. But it said it would only start buying tobacco again if it was found to offer price and quality advantages.

This caution was general throughout industry. None wants to be seen to be jumping the gun, when complex political problems remain, although each wishes to establish or reactivate links with Rhodesia.

News of the Rhodesian ceasefire resulted in a sharp increase in the value of Rhodesian bonds and shares with interests in Rhodesia.



Mr Philip Dunkley: laying the groundwork

Rhodesian Bonds quoted on the London market showed gains of between 53 to 63, with Southern Rhodesia 6 per cent 1978-81 £8 higher at £150 and Southern Rhodesia 41 per cent 1987-92 £4 firmer at £102.

Among companies to improve on the news were Lombor, 3p higher at 73p, while steel traders Stockdale improved 6p to 106p. Only Turner & Newall with asbestos mining interests in Rhodesia failed to gain ground, slipping 1p to 122p.

Mining group asks for shares suspension to be lifted

St Piran sends out explanation to its shareholders

St Piran, the mining and property group whose accounts were heavily qualified two weeks ago, has sent a circular to shareholders replying to the auditors' reservations. The company has also requested that its shares, suspended on November 5, be requested next Monday.

The circular and the request for re-valuation precede the annual meeting on December 14. But stock exchange sources were dubious last night about the company's chances of an early resumption of the quotation, suspended at 60p.

It is pointed out that the Takeover Panel's inquiries into

whether Mr J. J. Raper, once chairman of St Piran, triggered off an offer under Rule 34 of the Takeover Code, because he holds 30 per cent or more of the company, have not been concluded.

The Stock Exchange quotations committee is awaiting answers to its own inquiries.

These are two of the main points which the company deals with in its circular. The board believes that Mr Raper holds only 1,000 St Piran shares. Mr Raper is also chairman of Beridale Investments, a company which controls Gasco Investments, which in its turn holds 29.57 per cent of St Piran.

The board says it is "satisfied that it has maintained the necessary degree of control over deployment of the total funds of the group and is satisfied as to the security of those funds."

Mr W. D. Allen, a director of St Piran, said that some of the problem had arisen because the company had been without a finance director for more than a year. He said that a finance director was being sought.

Mr Allen added that satisfactory answers to all the auditors' qualifications would be provided.

Michael Prest

THE GENERAL ELECTRIC COMPANY LIMITED

INTERIM REPORT

1. The total of orders received by the U.K. product groups in the six months was slightly higher than in the same period of last year, but the export content declined from £489 million to £405 million.

The value of the order book at 30th September 1979 was 15 per cent higher than the year before.

The results for the half year were adversely affected by strikes and other manifestations of labour disputes, which were particularly disruptive in the Power Engineering, Industrial, and Components groups. If production is smoothly and steadily maintained some recovery of the ground lost will be achieved before the end of the financial year. Although in general the economic climate is not for the moment favourable, continuing expansion may be expected in certain areas of the business.

2. The unaudited results for the six months ended 30th September 1979 are as given below:-

	6 months to 30th September 1978	6 months to 30th September 1979
Sales (to Customers outside Group)	£1,713	£1,780
Profit	166.2	171.6
Interest on Capital Notes	11.0	8.7
Profit before Taxation	155.2	162.9
Taxation—assumed full charge	78.9	83.5
Minority Interests	76.3	78.4
	2.8	1.3
Profit before Taxation per Ordinary share (after adjusting for Minority Interests)	73.4	77.5
	22.6p	23.0p

3. The directors have declared an interim dividend on the Ordinary shares of 3p per share payable on 31st March 1980 to shareholders on the register at the close of business on 21st February 1980. In respect of the year ended 31st March 1979 an interim dividend of 2.25p was followed by a final dividend of 4p, making 6.25p per share. The cost of the interim dividend is £16.5 million (1978, £12.3 million).

4. Bank balances and short term deposits, less bank overdrafts, amounted to £630 million at 30th September 1979 (1978, £624 million).

5. Details of turnover (including inter-group sales) and profit/contributions are as follows:-

	Turnover		Profit before Taxation	
	1978 £m	1979 £m	1978 £m	1979 £m
United Kingdom	153	189	8.2	23.6
Power Engineering	161	162	20.1	26.2
Industrial	489	385	48.2	41.9
Electronics, Automation and Telecommunications	164	160	11.8	17.0
Components and Cables and Wire	140	127	10.8	9.1
Consumer Products	52	43	1.0	3.5
Associated Companies				
Overseas	317	244	26.6	24.7
Subsidiaries	106	62	10.8	6.5
Associated Companies	9	8	0.6	0.3
Other Activities and Items			26.1	18.8
Interest Receivable, less Payable			(11.0)	(8.7)
Interest on Capital Notes				
	1,580	1,380	155.2	162.9
Overseas Subsidiaries				
Terminal Analysis				
Europe	65	89	8.2	11.2
The Americas	152	49	10.8	5.7
Australia	45	53	2.5	2.9
Asia	47	42	4.0	3.2
Africa	7	11	1.7	1.7
	317	244	26.6	24.7
Exports from U.K.	342	353		

THE POUND

	Bank sell	Bank buy	Bank sell	Bank buy
Australia \$	2.07	2.06	1.53	1.52
Canada \$	25.08	25.00	1.53	1.52
Denmark Kr	65.59	62.00	1.53	1.52
Finland Mk	2.69	2.33	1.53	1.52
France Fr	12.17	8.05	1.53	1.52
Germany Dm	9.22	8.32	1.53	1.52
Greece Dr	3.58	3.76	1.53	1.52
Hungary Ft	10.90	10.62	1.53	1.52
Italy Lit	125.00	175.00	1.53	1.52
Japan Yen	357.00	332.00	1.53	1.52
Netherlands Gld	4.41	4.38	1.53	1.52

	Bank sell	Bank buy	Bank sell	Bank buy
Norway Kr	11.28	10.78	1.53	1.52
Portugal Esc	112.50	107.50	1.53	1.52
South Africa Rand	1.22	1.69	1.53	1.52
Spain Ptas	158.00	145.00	1.53	1.52
Sweden Kr	9.48	9.08	1.53	1.52
Switzerland Fr	3.68	3.46	1.53	1.52
USA \$	2.24	2.18	1.53	1.52
Yugoslavia Dnr	45.50	45.50	1.53	1.52

BY THE FINANCIAL EDITOR

GEC beyond the recession

Close GEC-watchers should not have been surprised by a fall in interim profits; indeed the outcome of £155.2m a 41 per cent shortfall on the position at this stage last year, is almost exactly in line with the sort of estimates brokers like James Capel were coming up with a month ago.

Nevertheless, the stock market managed to work itself into a state after the results were published and GEC's shares ended the session 19p down at 318p. Of course engineering companies, including GEC, are finding the trading environment increasingly rough, though without strikes, both national and internal, and other labour disputes all of which could well have cost profits up to £20m during the six months. GEC would have been ahead by now.

One only has to look at the divisional breakdown and power engineering results in particular to see how serious the damage was. Here, sales were down from £189m to £153m, bringing profits back by £14.4m to only £9.2m. Industrial and component results suffered a similar fate.

GEC reckons that it can recover at least some of the ground lost before the end of the year. But the fact is that even companies like this cannot avoid the effects of a serious engineering recession and a slowdown in world trade, although a bank balance of over £500m (after Aversys) provides more than a little comfort for shareholders who have no need to fear for their dividend. GEC is paying about a third more in interim dividend and, if it did the same for the year, the shares would yield about 31 per cent—nothing special, but safe.

The point about GEC is that it is beginning to divert its cash into trading assets, and concentrating on high technology areas or areas to which technology can be applied. The American AB Dick acquisition; the joint GEC/Fairchild semi-conductor operation and the recent purchase of Aversys are all examples of a developing strategy, the benefits of which should emerge as the general trading recession ends (assuming we are talking about a normal cycle).

If one believes that this strategy is correct (and the management record suggests that it should be) then this is the time to be buying the shares on a medium view.

Racal

No forecast this time

Racal, another high-flyer, has also turned in a disappointing set of figures showing half-year pre-tax profits just 4 per cent ahead at £25.3 (and only 11 per cent up if the £17.5m lost from strikes and adverse currency swings is added back).

As if that was not a big enough blow to its fans who had been expecting at least £28m, Racal has eschewed its usual confident full year forecast because of "the uncertainties in international trading" which pushed the shares 20p lower, through several chart resistance points, to 195p.

No company of course can keep on growing at the sort of compound rate Racal has achieved in the 1970s and it is probably as well that the slowdown has come at a time when other electrical stocks like Plessey, Decca and even GEC are having an even harder time. And Racal still manages to get very high margins, an excellent return on capital while it has had success in finding acquisitions to produce fresh profits sources.

Racal's explanation for this sluggish performance is that the tactical radio and communications security sides are going through a rough patch. Contracts in tactical radio are now so much larger that they do not come in with the same regularity as they used to and this could well result in some lumpiness in Racal's profits in the future.

It is equally apparent, however, that margins are not what they were because of sterling, while the importance of the military side is diminishing. Luckily the push into data communications is bridging the gap for the time being and this new accounts for 36 per cent against 32 per cent a year ago of group revenues.

For the moment the contract delays are pushing up stocks and working capital although Racal's strong balance-sheet will not be troubled by that, and there are still

the occasional blackspots like magnetic tapes which are losing money.

Meanwhile, the drop in the shares by more than a third this year probably limits Racal's ambitions in restructuring the electrical industry although its stake in Decca's non-voting shares, and obvious interest in Ferranti, indicates it still has something up its sleeve. Full-year profits of, say, £66m puts the shares on a prospective p/e of around 14 and the likely yield is just over 5 per cent.

JFB

Holding the dividend

Conditions in the bulk steel industry may seem awful but specialist groups like Johnson & Firth Brown can still put up a fight. Profits of £10.2m for the latest 15-month period represent a setback of about one-third on an annualized basis.

This was better than the market had expected given that interest charges mainly reflecting JFB's heavy capital spending programme had swept up to £8m against £3.6m in the last full-year and that the engineering strike probably cost the group about £5m.

However, the shares up 6p to 41p yesterday were taking account more of the fact that the group has managed to maintain the dividend payment—albeit by effectively bringing forward payment by three months on the new year end—and that JFB has apparently made a splendid acquisition move in the United States. Purchase of private aero-space supplier Cannon-Muskegon for \$9m, a price which represents an exit p/e of only 3, in fact, looks almost too good to be true.

The demand picture looks bleak with JFB suffering particularly in the forged and cast roll business, where exports account for about two-thirds of output, as a result of the strong pound. Weston-Evans, acquired in September last year has, however, done particularly well chipping in £2.25m to profits against £1.7m previously with half that total coming from the United States subsidiaries.

Offering a p/e of around 5 and yield of 17 per cent the shares are still on the appropriate crisis-rating for engineering stocks and will remain vulnerable until the next wages hurdle is cleared and a brighter picture emerges on the international trading front.

GUS

Defensive virtues

Interim figures from Great Universal Stores reveal all the defensive virtues of this retailing giant. Though consumer demand in general has been slack through the summer, GUS has done well not merely from its finance division (thanks to the rise in interest rates), and from that traditional mainstay, mail order, but also, though improbably, from its high street furniture retailers.

The proof is there in the provisions for unearned profit on instalment and hire purchase receivable, up by £11m over the half-year, to the benefit of earnings hereafter. At the half-way stage profits are a solid 15 per cent better, at £76.5m pre-tax, on sales (excluding VAT) some 18.7 per cent higher at £751m.

GUS has no pretensions to immunity to the cold breeze whipping through the retail sector, though there are as yet no signs of any downturn in demand, and given a reasonable Christmas the group should quite comfortably top last year's £155m pre-tax.

Longer-term there could be more problems on and more than one front, if the Government legislates for a form of inflation accounting which cuts away the tax shelter which retailers at present indiscriminately enjoy.

However, GUS has a great capacity to generate cash and still has plenty of it in the balance-sheet; so the 7 per cent increase in the interim dividend looks over-cautious. Assuming a 10 per cent increase overall, the shares at 350p yield a prospective 4.8 per cent. They look reasonably safe, but not at all exciting.

Caroline Atkinson examines the financial ramifications of the Iranian crisis

How much damage to the dollar?

President Carter may have won popularity at home for his decision to freeze Iranian assets, but as the team of high level United States officials flying around Europe are probably discovering, he has certainly lost it among the financial community outside America. Although they do not like to admit it publicly, bankers and treasury officials also take a pretty dim view of his action.

The legal wrangles over Iran's assets grow daily more complicated and thus more threatening to the stability of the international financial system. They spring largely from the fact that the American freeze—with uncertain legal force—applies to the foreign subsidiaries of United States banks.

They have been made worse both because of the sheer quantity of Iranian assets held in these subsidiaries, and because of the aggressive moves by United States banks to ensure that they do not lose any money on their loans to Iran.

It is surprising that the Americans were apparently unaware of the scale of the dollar deposits Iran held in United States banks abroad.

Several days after the freeze was announced, Robert Caswell, the deputy Treasury Secretary, confirmed that about \$4,000m of Iranian money was in such deposits, about half of the total to which the American freezing order applies.

It is far from certain that the Americans can make the freeze stick in English and other European courts. Their rather belated attempt to drum up support here and in other European capitals, will probably meet with European reluctance to become involved more directly in the money war.

One consequence of the crisis is that American banks are almost certain to suffer a loss of Opec business. An enormous proportion of the Opec surplus has been deposited with American banks and much of it in the United States.

William Miller, the United States Treasury Secretary, last week claimed the support of other Middle East countries for the American action. But there can be little doubt that some depositors will take the lesson that money is safer when it is in United States hands.

The oil exporters have been worrying since 1973 about whether their assets are too heavily concentrated in the United States in dollars. They have so far failed to diversify much at least partly because of the size and sophistication of the American capital markets compared with others.

What about the consequences for the dollar? After all, Iran has apparently said that one of its aims is to wreck the dollar's place in the international money system. The dollar fell sharply to an all-time low against the German mark early this week. Although it has since recovered a little, it remains very vulnerable to bad news from Iran.

The beginnings of a move out of dollars took place last year with the precipitous fall of the dollar against all the most important currencies. However, the lack of any obvious candidate to replace the dollar in the world's financial system has so far limited the movement.

It is almost certain that the Iran crisis will hasten the decline in the dollar's importance. It is necessary to distinguish between the effects (and likelihood) of a switch away from the use of the dollar for pricing oil, for oil payments and

as a currency in which Opec surpluses are deposited. The Iranians have said that they want to do all three.

The first would have a minimal effect on the dollar: it would merely tend to increase the dollar price of oil if the dollar was weakening against other currencies, and vice versa.

The second would have an immediate impact on the dollar's rate. However, even the Iranians have so far continued to accept the United States currency for oil payments and a decision by Opec to demand other currencies is extremely unlikely.

In that event there would probably be a concerted move by the western central banks to support the dollar. In effect these central banks (most likely the German, Swiss and Japanese) would be buying up dollars for their reserves to provide business for companies to buy oil.

As earlier explained, there are strong reasons why the oil exporters have continued to hold their money chiefly in dollars. The gradual development of the reserve role of other currencies will probably be accelerated by this crisis. But it must depend

to some extent on the willingness of other countries to share the burden of the reserve role with the United States and to open up their capital markets.

A sudden shift of Opec money out of dollars is also unlikely for the simple reason that they hold too many to be able to get out without spoiling the market.

A revival of interest in the substitution account is very likely. This would enable dollar holders to deposit these with the International Monetary Fund in exchange for special drawing rights—the fund's own asset. At the IMF meeting in Belgrade in September there was only lukewarm support for the idea.

A speeding up in the move towards such a plan can now be expected.

Much will depend on how long it is before the Iranian crisis is resolved (assuming that there is a peaceful resolution). If that happens very soon then the banking system and currency markets may be quickly back to normal.

If it is delayed far into the new year, the Americans may find that their economic weapon against the Iranians boomerangs on to United States banks and the dollar.

A hard day's talking for the steel unions

Peter Hill

The executive of the Iron and Steel Trades Confederation must make several decisions today. The industry's largest union is being asked to co-operate in a plan to close down the BSC's production of 15 million tonnes of steel.

About 30,000 workers face redundancy on top of the 20,000 employed at plants which are already the subject of formal closure notices. As if that were not enough to ponder, at one meeting, the executive is being asked to accept a 2 per cent rise in the latest round of pay talks.

The pay offer has already been rejected by the union's negotiators and today a national strike is one of the options being discussed.

The issues are intricately linked. The corporation has no money to pay for even the 2 per cent rise, but if the strike goes ahead the consequences for employment could be even worse. Plans to change the nature of survival might never reopen.

customers will be lost, and imports will surge into Britain. William Sims, general secretary of the ISTC is fully aware of the industry's problems and his counsel will do much to determine the outcome of the meeting.

BSC, in the words of Sir Charles Villiers, its chairman, "is having to operate within very tight cash constraints". In plain words—those of Dr. David Greaves, the managing director, personnel and social policy, "... we are bust."

There is no prospect of a crack of gold being found to meet the steelworkers' natural desire to keep up with rising costs.

Their anger at the derisory offer of a 2 per cent rise in normal times no doubt have been appeased. But, as the corporation has now realized, these are not normal times. The traditional pattern of growth in steel demand has been substantially reduced.

The cutbacks which the BSC wants to implement are draconian. It wants to axe its capacity from 20 million tonnes to 15 million tonnes—the level which estimates is a realistic base for future business.

More important, each one million tonnes of surplus is equivalent to £70m of cost overheads. The BSC has been sceptical about the need for such huge reductions and some officials are cynical about the corporation's forecasting ability. Predictably BSC disagrees, and Viscount Davignon, the BSC's industry Commissioner who will be speaking in London later today, will be trying to smooth the ruffled feathers. The corporation insists that its forecasts are as close to reality as any steelmaker is likely to get.

The reshaping of the corporation is already under way. The creation yesterday of the new Yorkshire and Humberside division is the first illustration of decentralization around a "core business". The latter required, in BSC's view, to meet its overall objectives.

Similar reshaping will follow. Today the executive of the ISTC will expect to have before them estimates from the corporation of the various options now under consideration. The BSC board will discuss those options on Monday next against the background of the union's decision.

One of the options will be the end of steel making at Llanwern (while retaining rolling facilities), and the closure of the strip mill operation at Port Talbot.

BSC appears to be taking a leaf out of its European competitors' books by seeking to maintain production of some kind at the big plants. Once closed or mothballed, a large integrated plant is unlikely ever

to reopen. That possibility will not be lost on the trade unions. BSC defends its strategy on the grounds that the cuts in capacity and labour must be carried through if there is to be any real chance of moving towards a financial break-even.

In the first half of the year losses totalled £145.6m. At Llanwern the loss per employee was £945; at Shortland the loss of £21m was equivalent to £1,960 per worker.

The corporation is emphatic that no decisions have yet been taken on which plants will be closed and how many jobs will be lost in each. But the options have been carefully studied and the consequences of a strike mapped out.

The cuts are unpalatable and a serious blow to a corporation whose management is already badly demoralized and whose workers are disenchanted. It is in this depressing climate that the leaders of the ISTC will have to reach their decision.

Technology

Metals with a memory of their own

A metal with a memory is likely to make its commercial debut in a number of new products next year. A phenomenon, known as the shape-memory effect, is at work in these intriguing new developments.

A shape-memory alloy, formed into a shape at one temperature and then deformed into another shape at a second temperature, will "remember" its original shape and revert to it if the conditions are right.

In effect, it will revert to its old shape when "reminded" by being subjected to the original temperature. Thus a change in temperature can produce a movement or a force in a mechanism containing one of the special alloys.

For an alloy to exhibit this effect it must have a certain type of crystal structure which, under the influence of temperature changes, can be transformed from one condition to another (known as martensite) and back again. From this transformation such memory alloys are known also as martensite alloys.

In an article in the November issue of *Scientific American* the shape-memory effect is traced back to research at Harvard and at Massachusetts Institute of Technology in 1938. Since then

it has been demonstrated in a number of alloys, including brass (an alloy of copper and zinc), iron-platinum, iron-nickel, nickel-aluminium and stainless steel.

An important new martensite alloy was discovered in 1962 at the United States Naval Ordnance Laboratory (now the Naval Surface Weapons Centre) in Maryland. This was a combination of nickel and titanium known as Nitinol.

Though expensive, Nitinol was used in a variety of aerospace applications. One was in a launching device on a British satellite, in which a Nitinol torsion tube triggered the release of three instrument booms.

Another use was in coupling hydraulic fluid tubes in the F-14 jet fighter aircraft. A Nitinol sleeve was machined to an internal diameter slightly less than the outer diameter of the tubes to be joined, then cooled and mechanically expanded so that it would fit over the tubes. On resuming its original temperature, the sleeve shrank to give a tight seal.

Nitinol has been used in more down-to-earth products, too, including wire for teeth braces, where it maintains its shape against the teeth much

better than the more customary stainless steel. Perhaps its widest application is in the pen-drive mechanism of recording and industrial control instruments, where it replaces the galvanometer.

In one type of shape-memory application, that of thermal actuators, a world lead is now being claimed for the United Kingdom by the Delta Metals group. Delta's material is a shape-memory brass and its potential for a variety of products is being promoted by a recently formed company within the group, Delta Memory Metals of Ipswich.

Delta's martensite alloy research began in 1972, and has been reinforced by subcontracted product development at Cambridge Consultants. Now DMM is supplying components (typically springs) for incor-

poration in other companies' finished products. One early design was for an automatic window opener which would be suitable for greenhouses. As the temperature rises above about 65°C the shape-memory spring begins to extend, overcoming the force of a bias spring and opening the window. As the air temperature drops, the window closes again.

Another practical use for the Delta shape-memory brass is in a car clutch fan. Vauxhall is believed to be evaluating this and several other car manufacturers are interested.

A thermostat radiator valve is another vehicle possibility. Thermostats and other temperature-controlling jobs in industry and in domestic use give a host of other potential applications.

Dr Tony Michael, manager of Delta Memory Metals, expects that the first products to use his company's shape-memory brass will come into the marketplace next year. The first could be the window-opener, a thermal cut-out device, or the clutch fan.

For the designer, shape-memory metals combine the essential simplicity of a solid-state device with extreme thermal sensitivity. The properties of the alloy depend critically on its composition.

"We are the people producing this material at the moment," Dr Michael said. "People come to us and we can design thermal actuators for them. Nobody else—worldwide—can do that."

Kenneth Owen

Business Diary: Dennis's menaces • On the hop

Dennis Landau has demonstrated notable competence this last five years as deputy chief executive of the Co-operative Wholesale Society. This is the £1,700m-a-year Manchester mammoth that supplies goods and services to the Co-op retail societies and acts as an ideas workshop for retailers.

But it looks as if his succession to the chief executive's chair, being announced next September by Sir Arthur Sugden, is by no means assured. Sir Arthur took the job after being deputy, but prolonged discussions in Manchester this week have yet to produce a decision that would mean Landau doing the same. Landau is a former Cadbury-Schweppes foods managing director who joined CWS eight years ago.

He is essentially a production and general management man but it appears that some of the CWS board are rooting for something different. The message seems to be: why not appoint from the stamp end of the business?—a retailing man. The Co-op, still by far our largest retailing operation, is under pressure from the big multiples.

Recruiting from outside the movement is always an option, but CWS does not necessarily have to look so far. Apart from Alf Lee, chief executive of the thriving Co-operative Retail Services (32 per cent net profit last time on sales of £400m), there is the deceptively relaxed Frank Doherty. He is the man who at the Greater Nottingham Society has pushed turnover from £64m to £110m since he took over as chief executive two-and-a-half years ago.



"I've written to all 127 on our list to warn them we are not sending cards this Christmas."

● The troubled brewers Belhaven of Dunbar will resume their annual meeting today and appoint their fifth chairman in four months.

● A quick run down the unhappy list starts in July when Gordon Currie, an accountant and former assistant to Eric Morley, the former Mecca chief, left the board after difficulties over the payment of the Belhaven dividend. This was covered by a subsidiary controlled by Roy Ling who would only agree to authorize payment if he became chairman.

● After a few weeks at the Belhaven helm he had not dispelled the unhappiness in the boardroom. No official statement explained why, but Ling departed and was replaced by Peter Rowland.

● The boardroom was still unsettled and after a series of rows Rowland was replaced three weeks ago by Ronnie Alden.

● As a lawyer in the United States you might not be popular but you can be rich. Charges of \$100 or \$200 for an hour of a lawyer's time are now common.

● The National Law Journal has revealed just what good business the law is. Reports on 407 chief legal officers in big corporations found that department heads earned \$97,000 on average, with more than 20 per cent earning \$125,000 or more a year. Starting salaries for new graduates are about \$21,800 at big companies.

● In law firms the money is better still. Many government lawyers are leaving their \$40,000 or \$50,000 posts for partnerships in private practice that pay two or three times as much.

● Starting salaries for young graduates can be as much as \$31,000 in New York law firms. Michael Magness, director of placement at New York University's School of Law, said: "Thirty thousand was a psychological barrier for a long time," but this has been broken for graduates.

● One of Sir Michael Edwards's top executives at BL has proved so successful in his job that he has made himself redundant.

John Hirsch, 49, was recruited by Sir Michael nearly two years ago from the Lex motor group. As director of products and marketing strategy for BL cars he was given a key role in the newly reshaped sales organization.

With each of the car companies going their own way after the break-up of BL Cars, Hirsch was needed to provide "gentle central direction"—in other words, to stop friendly rivalry becoming costly internal warfare.

Born in Munich of British extraction and married to an American, he had a considerable international track record, mainly with Ford Europe. His posts included those of managing director of Ford Switzerland and sales director of Ford Germany.

But so successfully did Hirsch demonstrate the need for more central control of sales that four months ago Sir Michael admitted to a gathering of his whole dealer network that his "small is beautiful" theory was wrong and said he was merging home and overseas car sales into a single operation, BL Europe and Overseas, or Bleo as it is known internally. The top job went not to Hirsch but to Tony Ball, deputy managing director (commercial) Austin Morris.

Hirsch, who speaks fluent French and German, will be leaving BL's London headquarters early next year. Officially, he is said to be planning to set up shop as a consultant.

● Will economists leave nothing alone? In a new book David Throsby and Glenn Withers assert:

$$Z = n(LQPOP)^Y$$

Believe it or not they are discussing whether public spending on the arts reflects the wishes of the average voter or those of a privileged few. Business Diary isn't clear what their answer is.

Not all of the book, *The Economics of the Performing Arts* (Arnold, £17.50), is so inaccessible to the non-economist. Indeed, the authors, two Australians, divide each chapter into a technical and non-technical section.

Although it is all right to skip the equations, the authors say, mathematicians who skip the general sections will lose the thread.

The popular image of the starving artist and bankrupt impresario are examined, as in the case for government support, based on experience in Australia, Britain, Canada, New Zealand and the United States.

"There may be some a priori basis for justifying resort to public assistance for the performing arts", the authors conclude. "In particular, in the areas of national feeling and social inquiry."

It's an ill wind... Women in Iran may still be washing their clothes at the riverside as their mothers did before them, but they are now doing so in rubber gloves. Glove makers LBC say they are selling lots there.

Ross Davies

Cawoods

Interim Report

- Group turnover £134m increased by 28%.
- Group pre-tax profit £5.4m increased by 52%.
- All the main trading activities earned increased profits but in refractories, concrete pipes and packaging, profits were somewhat lower due to competitive market conditions.
- The second half has started well; if there is no serious industrial action and given normal winter weather another record result should be achieved.

Summary of Results

	Half year to 30th September 1979 £'000	Year to 31st March 1979 £'000	Year to 31st March 1978 £'000
Turnover	134,786	105,202	236,998
Profit before taxation	5,392	3,543	9,450
Profit after taxation	2,579	1,657	5,109
Earnings per ordinary share	5.29p	3.42p	10.54p
Interim dividend per ordinary share	1.40p	0.54p	2.77p



Cawoods Holdings Limited, Southlands, Ripon Road, Harrogate HG1 2HY.

Fuel Distribution, Building and Road Materials, Quarries, Ready Mixed Concrete, Refractories, Container Shipping, Packaging.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Rhodesia the only bright spot in the gloom

Gloomy company news again dominated the stock market yesterday as it continued on its downward journey.

Interim figures from GEC and Racal, both below market expectations, sent a cold shiver through the market, while at the same time throwing it in to reverse, after what had been thought quite a firm start to the day.

Confirmation of a bearish brokers' circular from Hoare Govett did little to help sentiment, while dealers began to square their positions as the long three-week account began to draw to a close.

Aberthaw and Bristol Channel Portland Cement is a classic turnaround situation. In the six months to June, it lost £217,000 before tax. A year earlier, it had interim profits of £522,000. This year Aberthaw will only start to benefit from decommissioning and a kiln conversion from gas to coal but next year cost-savings should flow through strongly in profits. These were £1.5m in both 1975 and 1976.

As expected, the only bright spot in the market concerned the announcement of a ceasefire agreement in Rhodesia on Wednesday, sending Rhodesian bonds and shares with strong business ties with that country sharply higher. Southern Rhodesia 21 per cent, 65-70 rose 53 to £118, with Southern Rhodesia 41 per cent 89-92 putting on £4 to £102 and Southern Rhodesia 6 per cent 78-81, gaining £8 to £150.

Talk of a further rise in MLR in the New Year was soon discounted by the gilt-edged market, which continued to have a sadly neglected look about it. One gain dealer reported very little interest in the new "rap" Treasury 15 per cent 1985 which closed at 99.3, down 1.

After initial falls of £1, longs eventually managed to muster a small rally, to finish off the bottom, with falls averaging about £1. Shorts averaged falls of about £1.

Opening 1.4 up, the FT Index went on to close at its lowest point of the day, 6.9 down at 4117.

Leading industrials went easier after a firm start.

Fillington Bros continued to reel as a result of its call to shareholders to raise £60m, falling a further 5p to 213p.

ICI dipped 3p to 353p and Glaxo were easier by the same amount to 420p ahead of the AGM on Monday. Unilever shed 4p to 453p. Among companies retreating 2p were Fisons at 232p, Becton at 115p, BAT's at 243p and Rank Organisation at 172p. Courtaulds was a penny lighter at 77p.

The Rhodesian ceasefire saw an upsurge of interest in companies trading out there among which Stocklake jumped 6p to 106p, Lombro improved 3p to 73p, as did Mitchell Cotts 2p to 453p. Among companies retreating 2p were Fisons at 232p, Becton at 115p, BAT's at 243p and Rank Organisation at 172p. Courtaulds was a penny lighter at 77p.

Disappointing figures and bad news left the electrical sector looking weak. A 4 per cent rise in profits at Racal was enough to wipe 20p from the shares at 159p. Interim figures from GEC were even less well received with profits below market expectations as a result of the engineers' strike.

This left a big question mark hanging over the rest of the sector, shortly followed by news that MK Electric had placed one of its subsidiaries on a four-day week. This sent the shares retreating 2p to 139p. Elsewhere, the gain dealer reported very little interest in the new "rap" Treasury 15 per cent 1985 which closed at 99.3, down 1.

rumours of an imminent bid began to recede. The ordinary finished the day 20p off at 310p and the "A" was 15p lighter at 260p.

Highland Distillers gained ground, 2p to 142p, as the prospect of a fierce defence of the bid from Canadian group Hiram Walker began to take shape. Montfort (Knitting) also improved as the battle for control between David Dixon and Palma Textiles continued to hot up.

Engineering continued depressed, with Wapac continuing to fall 25p to 63p following the news of the litigation from Qatar and the withdrawal of Costain from bid talks.

Baker Perkins rose 2p to 83p after further reflection of Wednesday's figures and GKN improved 1p to 253p, while Dowty retreated 3p to 141p.

Great Universal Stores was the centre of attraction in stores where profits slightly above market expectations meant for a 2p fall to 350p. House of Fraser eased 4p to 113p and Debenhams lost some of its earlier gains slipping 2p to 69p.

Following a large option deal earlier this week, the shares of engineering group, Bridon rose 8p to 50p yesterday. The share price collapsed a couple of months ago after poor results and market man saw activity as little more than buying on current weakness.

Among companies reporting, Cawoods climbed 5p to 152p after its 52 per cent dividend, pre-tax profits and nine-month

figures were good for a 3p rise in Morgan Crucible at 112p. Full-year figures from Johnsons Firth Brown were above estimates, the shares rising 6p to 41p, and W. J. Pyke remained unchanged at 60p. British Tar advanced 2p to 45p and LRC International increased 4p to 27p but Fine Art Development slipped by the same amount to 58p.

Oil was easier than of late with BP and Shell down 6p at 370p and 332p, with Lasso 10p lower at 333p and Oil Exploration 16p off at 630p.

Equity turnover on December 5 was £4,364m (11,643 bargains). Active stocks yesterday, according to the Exchange Telegraph, was Racal, Whessex, GEC, Barclays Bank, BP, New, Ultramar, ICI, Bass, BP, Lasso, Marks & Spencer and European Ferries.

Latest results

Company	Sales	Profits	Div	Pay	Year's
per share	£m	£m	per share	date	total
Alliance Invest (I)	(1.1)	0.47(0.31)	2.51(1.05)	17/1	(1.45)
Artwood Garages (I)	2.6(2.23)	0.03(0.02)	0.77(0.7)	15/2	(1.45)
Brit Building (I)	1.8(1.3)	0.18(0.1)	1.16(0.4)	15/2	(1.45)
Brit & Amer Film (I)	(1.1)	0.09(0.07)	1.0(0.1)	7/1	(2.09)
Churchbury Ests (I)	(1.1)	0.17(0.18)	5.37(5.46)	21/1	(1.45)
Coma Props (I)	0.79(0.69)	0.51(0.5)	0.51(0.5)	31/12	(1.45)
J. Dykes Ridge (I)	2.2(2.05)	0.2(0.15)	0.4(0.3)	16/1	(1.45)
Fine Art Dev (I)	23.7(20.5)	1.3(1.2)	1.43(1.3)	16/1	(1.45)
Pizzello Castors (F)	9.6(18.34)	0.81(0.7)	24.19(18.52)	31/3	(1.45)
GEC (I)	1,131(1,180)	155.2(162.9)	3.0(2.5)	31/3	(1.45)
Glenmurray Inv (F)	(1.1)	0.51(0.5)	2.42(2.07)	27/6	(1.45)
Glenmurray Inv (F)	(1.1)	0.51(0.5)	2.42(2.07)	27/6	(1.45)
GUS (I)	731.5(632.9)	76.5(66.3)	17.4(15.3)	15/2	(1.45)
J. & F. B. (F)	318.8(230.0)	10.2(12.23)	8.0(12.0)	4/1	(1.45)
LRC Int (I)	82.1(48.1)	3.2(3.3)	0.8(0.8)	1/4	(1.45)
T. Locker (I)	9.29(8.99)	0.46(0.15)	0.76(0.34)	17/1	(1.45)
Oil & Assoc Inv (I)	(1.1)	0.2(0.16)	0.35(0.28)	27/1	(1.45)
Phillips Lamp (I)	7.4(6.3)	0.05(0.04)	0.6(0.5)	1/2	(1.45)
Pyke Hides (F)	113.0(100.0)	25.3(24.3)	3.0(2.84)	1/2	(1.45)
Racal (I)	113.0(100.0)	25.3(24.3)	3.0(2.84)	1/2	(1.45)
Stewart Nairn (I)	1.33(1.0)	0.05(0.04)	0.53(0.42)	1/2	(1.45)
Stonehill Bldgs (I)	13.0(10.0)	1.1(1.0)	1.2(1.0)	7/4	(1.45)
Trietris (I)	8.85(8.52)	0.0(0.54)	0.75(1.1)	30/1	(1.45)
Whessex (F)	72.6(81.0)	1.37(2.89)	3.83(3.17)	1/2	(1.45)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net, a Florin, b adjusted for scrip issue. c Excludes special dividends. d Loss, e 15 months against 12 last year.

Rise of 52pc at Cawoods

By Rosemary Unsworth

Cawoods Holdings, the Harrogate-based food distribution to building services group, started the year with a 52 per cent boost to profits, which put the share price up 5p to 152p.

Pre-tax profits jumped from £3.5m to £5.4m and turnover rose by 28 per cent to £134m in the half year to September 30, 1979. The turnover expansion reflected increased volume as well as higher prices of all products, explained Mr Edward Binks, chairman.

Although the main trading activities showed increased profits, the concrete pipes, refrac-

tories and packaging operations were hit by competition and reduced demand although there are signs that refractories are now improving.

The group's oil distribution side succeeded in reversing last year's downward profits trend although rises in prices and consumer resistance created considerable difficulties, said Mr Binks. The turnaround is expected to continue in the second half.

The coal operation suffered from a shortage of domestic fuel despite the National Coal Board's efforts to increase production. Early summer demand

was particularly high after the cold winter and given the prospect of an early price rise which came through on July 1. Building and road materials maintained their contributions to group profits after expansion in building materials and rationalization.

Cawoods has pushed up the interim dividend from 0.8p gross to 2p to reflect a more normal balance between the interim and final after the period of dividend restraint.

Mr Binks said that the second half had started well and that the group expected another record result.

Fine Art aims for record year

By Alison Mitchell

Increased interest charges robbed greetings card and mail order group Fine Art Developments of much of its first half improvement.

At the trading level profits rose by over a fifth but pre-tax profits edged forward only a per cent from a previous £1.2m to £1.3m. Sales, in the half year to September 30, 1979, went ahead £2.5m to £23.7m.

However borrowing traditionally peak in September, so the

costs of holding high stocks will be lower in the second six months and Mr Francis Kerry, chairman, forecasts record

profits for the 12 month period. In the year to March 31, 1979, the group turned in £5.5m pre-tax, a figure which would have been higher but for a pre-Christmas fire.

Interim charges in the six months rose from £39,000 to £67,000.

The results also show a below-the-line extraordinary debit of £196,000. This relates

to the interim costs of introducing new computer processing equipment.

Demand, both overseas and at home, remains buoyant. The gross interim dividend goes up from 1.34p to 1.42p but Mr Donald Barnes, managing director, reports that this is not necessarily an indication of the increase in the final payout.

The shares 58p yield a historic 5.18 per cent while, if the year's profits rise to £6.25m, the prospective yield drops to 9.5.

British Tar up 13pc

By Our Financial Staff

British Tar Products, the bulk storage, chemical manufacturing and merchandising group, has continued its steady profits growth. Pre-tax profits rose by 13 per cent and turnover by 29 per cent in the first half year.

They amounted to £812,000, compared with £717,000 and turnover was £11.2m against £8.7m in the six months to September 30, 1979. The group saw a small six per cent contribution from its recent £2m purchase

of Hodgson Tanning Products from British Tanners Products receivers. Hodgson was said to be the only profitable part of British Tanners at the time of the acquisition with profits believed to be about £400,000 a year.

The storage, merchandising and chemical manufacturing divisions all traded satisfactorily, according to Mr F. W. Buckley, chairman. But margins suffered from the chemical group saw because of stiff competition in Europe and the United States.

Although the group's new chemical manufacturing plant in Hull had teething troubles which were exacerbated by the jerry drivers' dispute last winter, it has now made considerable progress with good results in August and September.

The group believes that despite the forecast of difficult conditions for the rest of the year, it will see a similar profits picture in the second six months. The interim dividend rises from 0.85p to 0.86p gross.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Incorporated in the Republic of South Africa

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS

PAYMENT OF COUPON NO. 92

With reference to the notice of declaration of dividend and interest in the coupon No. 92, the following information is published for the holders of share warrants to bearer.

The dividend of 30 cents per share as declared in South African currency, will be paid to the following shareholders:

1. Anglo American Corporation of South Africa Limited, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

2. Anglo American Corporation of South Africa Limited, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339,

ACCOUNT DAYS: Dealings Began, Nov 19. Dealings End, Today. § Contango Day, Dec 10. Settlement Day, Dec 17
§ Forward bargains are permitted on two previous days

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